

103

U.S. POLICY TOWARD EUROPE SEPTEMBER 1994

Y 4. F 76/1:EU 7/42

U.S. Policy Europe September 1994,...

HEARING

BEFORE THE
SUBCOMMITTEE ON
EUROPE AND THE MIDDLE EAST
OF THE
COMMITTEE ON FOREIGN AFFAIRS
HOUSE OF REPRESENTATIVES
ONE HUNDRED THIRD CONGRESS

SECOND SESSION

SEPTEMBER 20, 1994

Printed for the use of the Committee on Foreign Affairs



SUPERINTENDENT OF DOCUMENTS
DEPARTMENT OF COMMERCE

FEB 15 1995

BOSTON PUBLIC LIBRARY
ACQUISITION DEPARTMENT

U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1994

83-887 CC

For sale by the U.S. Government Printing Office
Superintendent of Documents, Congressional Sales Office, Washington, DC 20402
ISBN 0-16-046279-7

103

U.S. POLICY TOWARD EUROPE SEPTEMBER 1994

4. F 76/1:EU 7/42

S. Policy Europe September 1994,...

HEARING
BEFORE THE
SUBCOMMITTEE ON
EUROPE AND THE MIDDLE EAST
OF THE
COMMITTEE ON FOREIGN AFFAIRS
HOUSE OF REPRESENTATIVES
ONE HUNDRED THIRD CONGRESS

SECOND SESSION

SEPTEMBER 20, 1994

Printed for the use of the Committee on Foreign Affairs



SUPERINTENDENT OF DOCUMENTS
DEPARTMENT OF STATE

FEB 15 1995

BOSTON PUBLIC LIBRARY
ACQUISITION DEPARTMENT

U.S. GOVERNMENT PRINTING OFFICE

83-887 CC

WASHINGTON : 1994

For sale by the U.S. Government Printing Office
Superintendent of Documents, Congressional Sales Office, Washington, DC 20402
ISBN 0-16-046279-7

COMMITTEE ON FOREIGN AFFAIRS

LEE H. HAMILTON, Indiana, *Chairman*

SAM GEJDENSON, Connecticut
TOM LANTOS, California
ROBERT G. TORRICELLI, New Jersey
HOWARD L. BERMAN, California
GARY L. ACKERMAN, New York
HARRY JOHNSTON, Florida
ELIOT L. ENGEL, New York
ENI F.H. FALEOMAVAEGA, American Samoa
JAMES L. OBERSTAR, Minnesota
CHARLES E. SCHUMER, New York
MATTHEW G. MARTINEZ, California
ROBERT A. BORSKI, Pennsylvania
DONALD M. PAYNE, New Jersey
ROBERT E. ANDREWS, New Jersey
ROBERT MENENDEZ, New Jersey
SHERROD BROWN, Ohio
CYNTHIA A. MCKINNEY, Georgia
MARIA CANTWELL, Washington
ALCEE L. HASTINGS, Florida
ERIC FINGERHUT, Ohio
PETER DEUTSCH, Florida
ALBERT RUSSELL WYNN, Maryland
DON EDWARDS, California
FRANK McCLOSKEY, Indiana
THOMAS C. SAWYER, Ohio
LUIS V. GUTIERREZ, Illinois

BENJAMIN A. GILMAN, New York
WILLIAM F. GOODLING, Pennsylvania
JAMES A. LEACH, Iowa
TOBY ROTH, Wisconsin
OLYMPIA J. SNOWE, Maine
HENRY J. HYDE, Illinois
DOUG BEREUTER, Nebraska
CHRISTOPHER H. SMITH, New Jersey
DAN BURTON, Indiana
JAN MEYERS, Kansas
ELTON GALLEGLY, California
ILEANA ROS-LEHTINEN, Florida
CASS BALLENGER, North Carolina
DANA ROHRABACHER, California
DAVID A. LEVY, New York
DONALD A. MANZULLO, Illinois
LINCOLN DIAZ-BALART, Florida
EDWARD R. ROYCE, California

MICHAEL H. VAN DUSEN, *Chief of Staff*
RICHARD J. GARON, *Minority Chief of Staff*
DEBORAH BURNS, *Staff Associate*

SUBCOMMITTEE ON EUROPE AND THE MIDDLE EAST

LEE H. HAMILTON, Indiana, *Chairman*

ELIOT L. ENGEL, New York
CHARLES E. SCHUMER, New York
ROBERT A. BORSKI, Pennsylvania
ROBERT E. ANDREWS, New Jersey
SHERROD BROWN, Ohio
ALCEE L. HASTINGS, Florida
PETER DEUTSCH, Florida
TOM LANTOS, California

BENJAMIN A. GILMAN, New York
WILLIAM F. GOODLING, Pennsylvania
JAN MEYERS, Kansas
ELTON GALLEGLY, California
DAVID A. LEVY, New York
JAMES A. LEACH, Iowa

MARTIN SLETZINGER, *Subcommittee Staff Director*
KATHERINE A. WILKENS, *Professional Staff Member*
DEBORAH BODLANDER, *Republican Professional Staff Member*

CONTENTS

WITNESS

	Page
Hon. Richard Holbrooke, Assistant Secretary of State for European and European Community Affairs, Department of State	2

APPENDIX

Hon. Richard C. Holbrooke, prepared statement	35
Letter from Secretary Holbrooke, Department of State, dated September 22, 1994, to the Honorable Lee H. Hamilton regarding Russian sphere of influence	45
Supplemental questions submitted to the Department of State for the record and responses thereto	46

U.S. POLICY TOWARD EUROPE

TUESDAY, SEPTEMBER 20, 1994

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
SUBCOMMITTEE ON EUROPE AND THE MIDDLE EAST,
Washington, DC.

The subcommittee met, pursuant to call, at 10:20 a.m. in room 2172, Rayburn House Office Building, Hon. Lee H. Hamilton (chairman of the subcommittee) presiding.

Chairman HAMILTON. The meeting of the subcommittee will come to order.

The subcommittee meets today in open session to discuss U.S. policy toward Europe. Our witness is the Honorable Richard Holbrooke, newly confirmed Assistant Secretary of State for European and European Community Affairs at the Department of State.

Mr. Secretary, this is your first appearance before the subcommittee in this capacity. We look forward to a good exchange with you today and over the next few months. We congratulate you on your appointment and confirmation.

It has been some time since the subcommittee—last April, I believe—that we have had the Assistant Secretary for Europe appear in open session. Since that time, we have had a number of very significant developments in that part of the world, including the final removal of Russian troops from Germany and the Baltic States; the continuing impasse in trying to get a solution to the war in Bosnia; the rift between Serbia and Bosnian Serbs; the escalation of tensions elsewhere in the Balkans and southeast Europe; the breakthrough in the peace process in Northern Ireland by the renunciation of violence by the IRA; and the initiation of the Partnership for Peace initiative with 22 signators including Russia. So many things have happened. We are looking forward to hearing from you regarding the administration's assessments of these developments and their implications for U.S. policy toward Europe.

We are very pleased to have you, Mr. Secretary. You have a prepared statement that, of course, will be entered into the record in full.

Do my colleagues have any comments at all?

Mr. GOODLING. I am all ears.

Chairman HAMILTON. Mr. Secretary, you may proceed.

STATEMENT OF THE HONORABLE RICHARD HOLBROOKE, ASSISTANT SECRETARY OF STATE FOR EUROPEAN AND EUROPEAN COMMUNITY AFFAIRS, DEPARTMENT OF STATE

Mr. HOLBROOKE. Mr. Chairman, it is a great pleasure and honor to appear before you again this time as Assistant Secretary of State for European and European Community Affairs. I have been on the job less than a week and I spent half that time traveling. I got back from Warsaw last night.

I would like to submit my prepared statement for the record and not read it; but if you would permit me, I would like to make a personal comment on a procedural bureaucratic issue with foreign policy implications at the outset and then answer whatever questions you may have.

What I would like to talk about, Mr. Chairman, is process but not process for its own sake, process which affects outcome. I would like to outline for you and your committee, because we are responsible to you for our performance, how we intend to reorganize the Europe and Canadian Bureau in a way I think will enhance our foreign policy.

We intend this week to issue instructions to all embassies in the region, indeed in the world, that the words Eastern Europe will be banished from the lexicon of the Bureau. The basis of my trips to the region plus the reading of history which anyone would have, it is clear that what we called Eastern Europe, the people of the region themselves would regard as Central Europe. It became Eastern Europe only because, in May of 1945, the Red army had reached a certain point and everything that lay east of that line fell behind the Iron Curtain and we began to call it East and West Europe.

The people of the region themselves do not consider themselves Eastern Europeans. Prague lies west of Vienna. Budapest has a rich cultural tradition as rich as that of Paris or Vienna or Berlin. We simply intend to, in the Office of European Affairs, ask people to stop using the phrase; and I would respectfully urge you and your colleagues to make a similar adjustment. I will talk to all other members of the U.S. Government that have Eastern European divisions in the next month and ask them to change the wording.

Why do I make such a point about this? Because words have meaning. Eastern Europe is not Eastern Europe anymore. It is what it was before 1939, Central Europe. We will reorganize substantially in ways that I will be happy to outline later for you. I wanted to stress that one point.

The second point I would like to stress concerns the strategic imperative for the United States. We stand at a very delicate moment in our foreign policy where three different elements must be woven together. First, our policy toward NATO; secondly, our policy toward Russia and the other former states of the Soviet empire; and third, our policy toward the tense potentially explosive area of Central Europe, particularly the Balkans.

We have policies toward all these regions, some better than others; but we have yet to develop an overall comprehensive approach which weaves them all together. We look forward to moving to the next stage working closely with your committee.

Thank you.

[The prepared statement of Mr. Holbrooke appears in the appendix.]

RELATIONS BETWEEN EUROPE-GERMANY AND UNITED STATES-GERMANY

Chairman HAMILTON. Mr. Secretary, thank you. You just finished a stint in Germany. I will begin there.

You were Ambassador there, of course; and the comment often is that Germany is being pulled in different directions. We are urging the Germans to take on more international responsibility; the French want them to orient their policy around the EU and the so-called two-tier policy with the hard core of the EU states based on France and Germany and the Benelux countries; and then the German politicians, of course, are very preoccupied with their tasks of unification and reconstruction.

What are the implications of this situation for Germany, for Europe, for U.S.-German relations? Give us your impressions.

Mr. HOLBROOKE. I think it is simply a statement of historic fact that, as the century draws to an end, Germany will once again be as it was at the beginning of the century, the dominant continental power; but this time, much smaller, inside boundaries that never existed before in history. It will be both united and democratic. When it was united, it wasn't democratic. Until recently when it was democratic, it wasn't united.

The United States intends to continue its close relationship with Germany, as it should; but I want to stress that when certain people write or say that we're putting American foreign policy in Europe into the hands of Germans as our surrogates, that is simply a misstatement of fact. Not only is it a misstatement of fact, it is a misstatement which the Germans themselves do not welcome.

I read it particularly in some London publications recently and some British officials have inquired after President Clinton's speech in Berlin on July 12 whether or not we were putting our European eggs in Germany's basket. The answer is categorically no.

As for the German-French relationship, all I can do is quote to you what Chancellor Kohl says repeatedly, probably to you as well as to me, that—quoting Adenauer—"France is Germany's most intimate friend and America is Germany's most important friend." German foreign policy is always a balance between its European component which is centered around the Franco-German relationship and the American connection.

Chancellor Kohl and his government, and indeed the opposition parties, all support that general concept although they may disagree on some of the details. It is very important that we not ask the Germans to choose between Paris and Washington. It is not in their interests nor in ours. Certain administrations in the past used to use Germany as a messenger for Paris.

Certain administrations used to put pressure on Germany to, "deliver the French." The Clinton administration does not do that. We have stated publicly that close Franco-German relations are in the interests of a strong Europe. We also think the German effort

to gradually expand Europe eastward—by Europe, I mean the European Union—is also a proper thing to do.

Again, Mr. Chairman, I would merely quote Chancellor Kohl in my farewell conversation with him in Berlin a week ago when he said not for the first time, "Germany cannot be the eastern border of Europe. It is not in our interests and not in the interests of stability."

The Germans now wish to create a relationship with Poland similar to the one they created with France. President Herzog's trip to Warsaw on the anniversary of the uprising was a very fine gesture in that direction. Having been in Warsaw yesterday, I can tell you, it made an enormous and positive effect. Again, we encourage them there.

At the base of all this, Mr. Chairman, is a fundamentally strong U.S.-German relationship but, I repeat, not a relationship in which we will work in Europe through Bonn. That is not in our interests or theirs.

RUSSIAN POLICY

Chairman HAMILTON. Let me move to Russia. We have a lot of critics of the administration policy who argue that the administration is making a fundamentally wrong assumption about our relationship with Russia. That we have assumed—in the administration you have assumed that a reform-minded Russia can become a key partner in Europe and around the world.

The criticism is that that approach is going to have some adverse consequences in Europe, in Germany and in France. How do you respond to this overall criticism made of Russian policy of the administration?

Mr. HOLBROOKE. Obviously, Mr. Chairman, I don't connect with that criticism. I think that Russian history, like German history, should be a guide for the future.

Russian involvement in creating a peaceful and stable environment in Europe is important. We are not, however, having a bipolar continuum between Washington and Moscow in which we discuss the fate of Central Europe. That will not happen. On the contrary, as President Clinton said in Warsaw earlier this year, it is not a question of whether NATO will expand, it is a question of how and when.

Our policy toward NATO will not be made in Moscow. We have very important things to discuss with Russia; and President Yeltsin's trip to see President Clinton later this month will be an important component of that.

As for the question of reform in Russia, the phrase "Weimar Russia," which we often hear, has real meaning. It is important for the United States to encourage the success of reform in Russia and for that matter in the other former Republics of the Soviet Union.

I believe our policy has been extremely well-crafted in that regard; and I think that whatever the problems that exist now, in Moscow, Kiev, and other capitals, I confidently believe they would be much worse if the administration had not, since the beginning of last year, taken the positions it had.

RUSSIAN MEMBERSHIP IN NATO

Chairman HAMILTON. The German foreign minister said the other day, if Russia becomes a member of NATO, it will blow NATO apart.

Mr. HOLBROOKE. I was sitting next to him when he said that, Mr. Chairman. What he actually said was slightly different. This was in the context of the Berlin conference following withdrawal. The afternoon began with the Vice President's speech, which I think was a very important, forward statement of American policy including toward NATO, followed by German Defense Minister Volker Ruehe's speech to which he referred, followed by Secretary of Defense Perry's speech. The Vice President said discussions would begin in NATO this fall regarding how and when NATO might expand, but these have to begin inside NATO and that he couldn't lay out a timetable.

Volker Ruehe then responded—the Vice President was speaking by satellite because of his injury but was part of the conference—by saying we had crossed the point at which Russia's membership in NATO was an issue. They would not be a member. He was speaking, of course, for his government or at least for himself.

And then Secretary Perry said that he didn't want to rule anything out completely; but that in his estimation, he didn't dispute that.

I think everyone understands that that is the general direction of where we are moving now. I don't think—

Chairman HAMILTON. What is the general direction?

Mr. HOLBROOKE. That the expansion of NATO, if, when and how it occurs—it is not a question of whether it will occur anymore. As the Vice President said last week in Berlin, NATO expansion, when it occurs—

Chairman HAMILTON. Did Mr. Ruehe say the inclusion of Russia would "blow NATO apart?"

Mr. HOLBROOKE. No, sir.

Chairman HAMILTON. Is that a misquote?

Mr. HOLBROOKE. He didn't say would blow NATO apart. What he said was Russia will not become a member. He did not say "blow NATO apart." He simply said it will not happen.

Chairman HAMILTON. Do we agree with that?

Mr. HOLBROOKE. I personally think that that is a correct statement.

Chairman HAMILTON. You think it is a correct statement that Russia will not become a part of NATO?

Mr. HOLBROOKE. Yes. Here I draw your attention—

Chairman HAMILTON. Why do you say that?

Mr. HOLBROOKE. I don't think they have it in their own mind. I don't think it is a logical part of the discussions; but I am speaking here of a very hypothetical situation; right now the issue is where one moves in regard to internal discussions in NATO. We have not really had a formal meeting of the minds on this matter inside NATO.

May I just make one other point? Russia is an important member of the Partnership for Peace which had its first significant peace-keeping exercises last week in Poland. The Russians sent observers

to those. American, German, French, British, Polish, other troops had a joint maneuver on Polish soil last week.

Think about history. That is a remarkable event. It was a success. The Poles are very pleased by it. The defense minister and foreign minister told me yesterday how important it was to them. The Russians were part of it as observers and said they would like to participate in the future.

So I think these acts are the beginning of knitting together a security framework for Europe which will include eventually an expanded NATO and eventually a relationship with Russia, Ukraine, other countries of the region which creates a stable security environment; but as for Russian membership in NATO, although we haven't reached a formal decision on it, I think it is clear that it is in a different category from that of other countries.

Mrs. MEYERS. Mr. Chairman, would you yield for a moment?

Chairman HAMILTON. Yes.

Mrs. MEYERS. Do you think this is a new development? I participated in the North Atlantic Assembly for several years; and they have had Russian observers, and I guess I assumed that they desired membership in NATO. If they will not become a member of NATO, is it because they don't want membership? Or is it because Central Europe doesn't want them to have membership? Or what is the reason for this what I perceive as change?

Mr. HOLBROOKE. Well, I don't think that the Russians have indicated a desire to join NATO. I don't think that that is something they have been seeking. But the Partnership for Peace they are very much a part of and an important part.

Chairman HAMILTON. Mr. Secretary, to let you know where I was coming from, the *Washington Post* on September 10, quotes Mr. Ruehe exactly as I did a moment ago. "If Russia were to become a member of NATO, it would blow NATO apart." Ruehe told an audience of 100 corporation chief executives, 50 political leaders, "it would be like the United Nations of Europe, it wouldn't work." I just want you to know that.

Mr. HOLBROOKE. Mr. Chairman, all I can say is I was sitting there. It's my mistake, since I obviously missed that phrase. I had understood him simply to say they would not join. So I stand corrected. I apologize for the error.

Chairman HAMILTON. I am not sure the *Post* is always correct.

Mr. HOLBROOKE. Well—

Chairman HAMILTON. In any event, I wanted you to know where my quotation comes from. I wasn't spinning it out of whole cloth.

Mr. HOLBROOKE. I was working from his prepared text which did not contain that. In any case, the sentiment is certainly correct. I stand corrected.

Chairman HAMILTON. OK.

Mr. HOLBROOKE. I wouldn't question the *Washington Post* ever.

Chairman HAMILTON. Mr. Goodling.

U.S. EMISSARY TO CYPRUS

Mr. GOODLING. Thank you, Mr. Chairman.

I would like to shift to an area I wonder if we ever paid enough attention to, no matter which administration was in the White House, and that is Cyprus. In a letter that President Clerides sent

in early September to the U.N. Secretary General, he offered to begin intensive negotiations with the Turkish side if they still agreed to certain United Nations resolutions.

I guess my question would be: Are we supporting the President in this effort?

Mr. HOLBROOKE. Are we supporting President Clerides?

Mr. Goodling, I wonder if I could respond in a more general sense because I am unfamiliar with that letter: It is my clear understanding that the sense of the Members of Congress with whom I have had preliminary talks, that more attention must be paid to Cyprus. I have not yet completed my consultations and I hope to call on you or other concerned members as soon as possible.

But without exception, I have been told in my initial consultations I accept that criticism and I intend to make recommendations to the Secretary of State and the President on dealing with it, within the next week. It is my understanding further that some of your colleagues—I don't know who, but some of your colleagues—have suggested a higher level emissary in regard to Cyprus, along the lines of Cyrus Vance, George Ball, Clark Clifford, other senior negotiators in the sixties and seventies. I find that an extremely reasonable proposition personally. I would like to continue my discussions with you to see how we could show a higher degree of involvement in this.

As for the letter you cited, if I could take the question and reply to you later, I would be most grateful.

[The information referred to was subsequently supplied for the hearing record and follows:]

President Clerides' September 7 letter to the U.N. Secretary General responded to the Secretary General's request to the parties for recommendations on how best to proceed. Secretary Christopher has also responded to that request and expressed U.S. support for a face-to-face meeting without preconditions. Such a meeting is crucial at this stage so as not to undo the progress made during this spring on the U.N. proposed package of confidence-building measures.

The United States has been working closely with the U.N. to encourage such a meeting. In this regard, our Ambassador to Cyprus, Richard Boucher met with President Clerides and Mr. Dangtash 12 times in the past 6 weeks. In addition, we hope to name a high level emissary for Cyprus soon as well as a replacement to U.S. Special Cyprus Coordinator Robert Lamb. Their first priority will be to bring the two leaders together for serious discussions.

Chairman HAMILTON. Will the gentleman yield?

Mr. GOODLING. Yes.

Chairman HAMILTON. We have gone 5 months now without the appointment of a U.S. special Cyprus negotiator. So there is not very high level attention being given now to the Cyprus problem so far as we are able to see.

Mr. HOLBROOKE. Mr. Chairman, I ask your indulgence in this. I have been—it is 5 months since I was asked to take the job. I was only confirmed last week. It is on my short list of highest priorities. I have a recommendation that I wish to discuss informally with members of your committee and the Senate and with the Secretary of State which will not only address your problem but I think will also address the point of Mr. Goodling's question.

Mr. GOODLING. I think it is important, the implication that if Dangtash does not run next year, as he indicated the he may not,

what implications are possibly included in that, in his not running again?

Mr. HOLBROOKE. I don't know how his not running would affect the basic situation which has gone on now for over 20 years.

Mr. GOODLING. I am pointing out that this is another area that we should have some concern about and should be expressing more interest in.

Mr. HOLBROOKE. I quite agree.

But I wish to stress again that we intend to upgrade our efforts in this regard.

Mr. GOODLING. I have no further questions.

Chairman HAMILTON. Mr. Lantos.

Mr. LANTOS. Thank you, Mr. Chairman. I want to welcome our distinguished new Assistant Secretary for European Affairs. He brings an enormous background of judgment, professional training, and practical experience to this job. I for one look forward to the pleasure of working with you.

Mr. HOLBROOKE. Thank you.

Mr. LANTOS. Mr. Secretary, I want to commend you initially for your very intelligent and careful comments about Eastern and Central Europe. You could not be more right. The countries we are talking about have historically viewed themselves as part of Western civilization. They have been part of Western civilization typically for about 1,000 years; and to refer to them as Eastern Europe has been viewed as pejorative by them, and I welcome your semantic shift because I think it will be very well received in the region and certainly is well received by me.

EFFECT OF HAITI POLICY ON RUSSIA AND EUROPE

I would like to open a new area of discussion and I share, obviously, the relief that we all have that the entry into Haiti was a nonconfrontational entry, at least thus far; but raise two issues about Haiti as it relates to Europe. And the connections between Haiti and Europe are not too difficult to find.

I am profoundly concerned that our repeated emphasis on Haiti as being in our own back yard, giving us presumably special responsibilities and rights to intervene, is likely to be used by Moscow as a justification for intervening in a similar fashion in what they call the near abroad when governments in the near abroad are not to their liking.

I would like you to look ahead as I am attempting to do and see whether in fact one of the problems with our current Haiti policy may not be the opening up of Russian floodgates in terms of involvement, intervention, military or otherwise, in the former Republics of the Soviet Union and conceivably even the countries of Central and Eastern Europe.

COSTS FOR IMPLEMENTATION OF PARTNERSHIP FOR PEACE

The second issue I would like to raise because, with your experience as former Assistant Secretary for Asia and the Pacific region, add now as Assistant Secretary for Europe, you clearly have a global view of resource allocation and priorities.

If I am not mistaken, we anticipate Partnership for Peace costs for 1994 to run about \$14 million; and we assume about a quarter

of those costs, \$3.5 million. The Haiti intervention, under the most optimistic predictions, will run well over \$1 billion. I am wondering whether in the global scheme of things of U.S. national security interests, is that really the proper ratio of resource allocation between the island of Haiti and half a continent involving dozens of important countries from Poland to Russia?

Because one of the concerns many of us have who are as delighted as everybody is in this town with the outcome of the Carter mission and the ability to intervene in a nonconfrontational sense, is that Haiti has been moved up on the list of national priorities to an inordinately high position at the expense of dramatically significant U.S. national security interests ranging from the former Yugoslavia to the former Soviet Union.

Mr. HOLBROOKE. First of all, Congressman Lantos, let me thank you for your opening remarks. I look forward to working with you and Chairman Hamilton as I have in the past.

LINKAGE BETWEEN HAITI AND RUSSIAN "ZONE OF INFLUENCE"

Secondly, in regard to Haiti vis-a-vis the former Soviet Union and Russia, as far as the near abroad goes, I personally do not like the term. I don't think we should ever use it. It implies right at the outset a kind of acceptance of a Russian zone of influence, a Russian Monroe Doctrine some journalists have called it. It is not a term we used in the State Department. It was briefly used in the past. Deputy Secretary of State Talbott has, in my presence, informed all the European ambassadors not to use it anymore. I think his comments speak for themselves.

Mr. LANTOS. What is Strobe Talbott's designation? The far abroad?

Mr. HOLBROOKE. I think we just call them the former Republics of the Soviet Union. I hope we can find a better phrase than that. Incidentally, on the question of Eastern Europe versus Central Europe, I asked Ambassador Miller last week whether Ukraine would see itself as Central Europe, Eastern Europe, so that we are renaming what used to be Eastern Europe.

Of course, as you know, those countries are run under a different arrangement. They are not under my direct supervision, but I work extremely closely with Jim Collins and Strobe Talbott. Bill Miller's answer was, the Ukrainians tend not to be able to identify themselves in geographic terms other than simply being Ukrainians anyway.

Back to your point. Haitian involvement was in furtherance of a United Nations resolution. Therefore, nothing we did in Haiti in any way, shape, or form will be a justification for any actions by Russia or any other country operating unilaterally on its own.

Mr. LANTOS. Of course, you know better than I do that there are countless United Nations resolutions which we have totally ignored; so the fact that this may be in furtherance of a United Nations resolution is not a very persuasive argument, because each of us could cite hundreds of United Nations resolutions where U.S. policy has been totally nonexistent in furtherance of those resolutions.

Mr. HOLBROOKE. I don't deny the problem of many U.N. resolutions, but it is my understanding—and I hope I am not misstating

it—that the U.N. has only voted this type of resolution three times in its history: Korea, Iraq, and Haiti. It is a resolution with enabling teeth. So, therefore, I would hope, because your question is very, very important, that no one in Moscow or anywhere else uses our action in Haiti as a justification for unilateralism. Unilateralism can break up the U.N. system and has no value. A Russian move against their neighbors would create an obvious security crisis throughout Central Europe.

ALLOCATION OF RESOURCES FOR PFP

In regard to the allocation of resources problem, I am not familiar with the costs of the Haitian operations. But as far as the Partnership for Peace goes, the costs, I share the implication of your statement that we have to devote more resources to the question of European security.

But here, Congressman, I have encountered, from time to time, Members of Congress who feel that at the end of the cold war, there is no more security imperative for the United States in Europe. Therefore, the resource allocation struggle is very severe in regard to these matters.

So I would hope that there will be more resources made available. In Warsaw yesterday, they talked about this issue. In Ljubljana last week, I heard about this issue, in Zagreb, Prague, Budapest, Mostar, everywhere I went. Let's start with IMET. The cheapest and most cost-effective program we ever had overseas, we have to beg and scrape for tiny amounts of money in this program. I could give you many other examples. I share very much the sentiment of your question.

Mr. LANTOS. May I just follow up with one question, Mr. Chairman?

OCTOBER 15 DEADLINE ON BOSNIA POLICY

October 15 now looms on the horizon with respect to two very important deadlines: The first one, obviously, relates to Haiti which is the ultimate date on which the Haitian military leaders will have to leave office. But October 15 is also the date when the embargo on Bosnia will have to be lifted.

Can you play out for us the likely scenarios as that embargo is lifted?

Mr. HOLBROOKE. First, Congressman, let me state precisely what the President wrote Senator Nunn. If the contact group proposal is not accepted by all parties by October 15, he wrote, then within 2 weeks, the United States will go to the United Nations Security Council and ask for the revocation of the arms embargo. If after a reasonable period of time, the letter goes on, the Security Council has not acted, the President will consult Congress about other measures including the possibility of unilateral lift. So that is our policy. Lift does not begin on October 15.

Secondly—

Mr. LANTOS. The process begins?

Mr. HOLBROOKE. The process begins. I would say the process has already begun in the sense that the clock is ticking very loudly. The British and French already have made clear, very publicly, their views about this issue and its consequences.

When I was in Zagreb, Sarajevo, Mostar, and Naples last week, I talked at length with U.N., U.S., and local officials about the absolutely appalling fact in my view that the United Nations is not adequately enforcing the existing exclusion zones and how the erosion of the exclusion zone around Sarajevo was creating a strangulation of the forces in Sarajevo.

We have had meetings in Brussels last week at the NACC, the NATO council, with an effort to get UNPROFOR to enforce—I will not use the word strictly, Mr. Chairman, simply to enforce the existing exclusion zones.

Mr. HOLBROOKE. The 700 meters of road at the southern end of the airstrip in Sarajevo which have now been closed. The shelling 2 days ago which was the worst shelling in, again, months and a whole series of other issues leave me deeply concerned the United Nations forces for various reasons, which I would be willing to address if you wish to pursue the subject, are not enforcing the mandate they already have.

This is my immediate concern because of the tremendous increase in tensions and violence in the Sarajevo exclusion zone in the last few days.

Mr. LANTOS. Thank you very much.

Chairman HAMILTON. Mrs. Meyers.

DOCUMENT BY PETER TARNOFF ON RECOGNITION OF RUSSIAN "SPHERE OF INFLUENCE"

Mrs. MEYERS. I would like to follow up on a couple of questions that Mr. Lantos asked. How accurate are press reports alleging that there is a document prepared by Under Secretary of State for Political Affairs, Peter Tarnoff, now circulating in the State Department and the National Security Council that calls for recognition of the reality of a Russian sphere of influence, a so-called Yalta II document?

Mr. HOLBROOKE. I have never seen it. I saw Peter Tarnoff just before I came up here today. We talked about various things, including the issue of Russia. I never heard of it. I don't think it is consistent with his views. I would suggest that we look into it further so we can give you a definitive answer.

Mr. Curran says it doesn't exist. Let us give you a formal written statement it doesn't exist after we talk to Mr. Tarnoff so we can clear this up. It just strikes me as quite inconceivable. Maybe there is a misunderstanding somewhere in the woodwork, but it doesn't fit anything that I know.

Mrs. MEYERS. Thank you.

[A letter dated September 22, 1994 from Sec. Holbrooke appears in the appendix.]

LIFTING OF BOSNIAN ARMS EMBARGO

Mrs. MEYERS. What chance is there that the U.N. will agree to a lifting of the arms embargo on Bosnia? I voted for a unilateral lifting of the arms embargo when it was before us, although I would much rather work through the U.N., because there seemed to be no indication that they would do this. Therefore, I did vote for a unilateral lifting.

Do you think that that has changed and that there is a possibility that they will lift the arms embargo?

Mr. HOLBROOKE. I don't know what the vote will be in the Security Council when we take the issue to them, as we will do under the President's letter if the contact group proposal is not accepted. I just don't know what the vote will be. The British and French have said, however, that they will begin to withdraw their forces. The Canadians and Dutch will withdraw. I think other nations will also withdraw. That will create a very, very complicated situation on the ground in Sarajevo, Gorazde, Srebrenica, Tuzla, and perhaps Bihac.

I would like to stress that as we begin to move toward lifting the arms embargo, the level of violence will increase and the United States will be—will have to deal with the consequences of that in one way or the other; so I cannot answer you directly as to what the U.N. Security Council will do because we haven't started to discuss the vote count yet; but I want to stress what the British and French have said they will do.

Chairman HAMILTON. Will the gentlewoman yield there?

Mrs. MEYERS. Yes.

Chairman HAMILTON. Mr. Secretary, I want to be very clear about U.S. commitments here. It is my understanding, as it is your understanding, that the British and French will withdraw their UNPROFOR troops out of Bosnia if you move ahead with the lifting of the arms embargo.

Mr. HOLBROOKE. My I interrupt, sir? They have said they will start the withdrawal before that day in order to protect their forces, an important footnote.

Chairman HAMILTON. All right. Now it has also been indicated to us that you would have to move in two divisions of troops in order to get the UNPROFOR troops out; there are 19,000 UNPROFOR for troops there and you will have to insert troops in order to get the UNPROFOR for troops out; is that correct?

Mr. HOLBROOKE. That is one scenario I heard discussed under certain conditions. What the—the U.N. forces—and I talked to the leadership of UNPROFOR, are trying to gauge whether the withdrawals would be in a permissive atmosphere, a hostile atmosphere; and if hostile, would the hostility come from the Bosnian Serbs or would Bosnian Muslims seek to prevent the withdrawal because the Bosnian Muslims are afraid they would be slaughtered. One, the European contingency is one of the highly hypothetical discussions under certain outcomes. It is not clear that it automatically requires two divisions.

Chairman HAMILTON. Let us say—excuse me, Mrs. Meyers, I think this is a very important point—what is our obligation, our commitment? Let's say my scenario is the one that takes place. Let's say that as these UNPROFOR troops are brought out, you have a very chaotic situation there.

What is our commitment at that point?

Mr. HOLBROOKE. I cannot answer that, Mr. Chairman. Only the President could deal with that at the time. But I do wish to stress that it is—while it is a hypothetical question, it is a scenario which must be taken into account as one of the possible consequences of the situation.

Chairman HAMILTON. Do we or does NATO have any commitment to help with the evacuation?

Mr. HOLBROOKE. There have been discussions about this issue; but only the President can make the decision as to the use of—

Chairman HAMILTON. At this point, then, so far as you know, there is no commitment by the United States if UNPROFOR begins to withdraw?

Mr. HOLBROOKE. There is an NACC commitment to provide close air support to protect UNPROFOR forces.

Chairman HAMILTON. But nothing on the ground?

Mr. HOLBROOKE. This is a hypothetical situation and one which obviously has the grave evident consequences.

Chairman HAMILTON. OK. I thank the gentlewoman for yielding.

Mr. HOLBROOKE. I am glad you raised that, though, Mr. Chairman; because although it is hypothetical, it is the kind of thing that must be understood as a possible consequence of the situation.

Chairman HAMILTON. Mrs. Meyers.

Mrs. MEYERS. Did you respond to the Chairman also about a NATO commitment to sending in troops in order to get the U.N. troops out?

Mr. HOLBROOKE. My answer would be the same, Congresswoman Meyers. It is a hypothetical situation. I cannot answer it. Only the President could decide for American forces.

But I would be misleading you if I did not say that preliminary discussions at the staff level have taken place on the subject. They have. I will confirm that. But those are staff discussions.

Chairman HAMILTON. Will the gentlewoman yield?

Mrs. MEYERS. Yes.

Chairman HAMILTON. Do we have any reason to think that you can lift the embargo multilaterally?

Mr. HOLBROOKE. I'm not sure I follow the import of the question, Mr. Chairman.

Chairman HAMILTON. The President goes to the United Nations. He asks them to lift the embargo.

Mr. HOLBROOKE. Its possible we can get the votes; yes.

Chairman HAMILTON. What have the Russians said?

Mr. HOLBROOKE. The Russians are opposed to lifting the embargo.

Chairman HAMILTON. Have they said they would veto it?

Mr. HOLBROOKE. No, sir. They have not said they would veto it.

Chairman HAMILTON. The British and French are opposed to lifting the embargo. They have not said they will veto it. Nobody is committed to vetoing it at this point, the effort of the embargo?

Mr. HOLBROOKE. That is correct.

Chairman HAMILTON. All are opposed to it but none have said they would veto it?

Mr. HOLBROOKE. That is correct.

Chairman HAMILTON. Thank you, Mrs. Meyers.

Mrs. MEYERS. Mr. Chairman, I would like to say I agree with everything that Secretary Holbrooke said about the difficulties of lifting the arms embargo; that the level of violence will increase and the problems with withdrawing the troops; but it has just seemed to me as time has gone along, that we cannot let the Bosnians continue to just suffer under that kind of onslaught without doing

something. It seemed almost cruel not to give them some means with which to defend themselves.

Mr. HOLBROOKE. I do not argue with your sentiments. When I entered the government, I strongly, publicly opposed the arms embargo. I think the previous administration made a serious error in agreeing to it to begin with. I think it boards on—I hesitate to use the word, but I think there are moral issues in denying people the ability to defend themselves. I completely share your view there.

With this administration on track for the commitment the President made to Senator Nunn concerning October 15, that Chairman Hamilton raised a minute ago, that is the course we are on.

Mrs. MEYERS. That is when the process will start again in trying to get a commitment from the U.N. on October 15?

Mr. HOLBROOKE. As I said, the President said that within 2 weeks after October 15 he will go to the U.N. and ask for the revocation of the embargo insofar as it applies to the Bosnian Muslims and the federation. I do want to stress one other thing, though, in regard to your question: lift is not necessarily going to be in and of itself sufficient to achieve the goal implicit in your question.

I think we have to be very honest with ourselves here. We—this administration supports lifting the arms embargo. We oppose the arms embargo. We think it is wrong. But I do not want to leave anyone with the impression that lift and lift alone is a satisfactory strategy. The British have said publicly that lift and stay is not an option for the British. Not an option lift alone may not be sufficient.

Mrs. MEYERS. Are you saying that you think that even with arms but without support troops, without training, without some other step, just having arms would not be sufficient. What are you saying?

Mr. HOLBROOKE. I am saying that there is a period of great danger when lift has begun but the effects of lift have not yet reached the Bosnian Muslims. I cannot tell you how long that period would be, but I can certainly tell you this: it is more than a few days. It is more than just a handful of weeks. During that period, as some of your colleagues in the Congress have already made clear in their statements, there will be a period of great danger.

Chairman HAMILTON. Would the gentlewoman yield again, please?

Mrs. MEYERS. Yes.

Chairman HAMILTON. I would like to get your understanding, Mr. Secretary, of the Bosnian Government's position on lifting the embargo. The official position, as I understand it, is that the government wants the embargo lifted; but it is also true, I think, that there have been a number of statements coming from Izetbegovic and others which indicate they are clearly worried about lifting the embargo.

Could you clarify for me where you think the Bosnian Government is with respect to the question of lifting the embargo?

Mr. HOLBROOKE. Mr. Chairman, because I heard the same records, I asked Izetbegovic the same question when I saw Izetbegovic in Sarajevo 10 days ago. He stated he still wanted it lifted. That is all I can say on that matter at this point.

May I also comment on the issue of the federation here?

Chairman HAMILTON. Did he qualify that in any way?

Mr. HOLBROOKE. He said that he wanted it lifted and expected it to be accompanied by NATO air strikes.

Chairman HAMILTON. Did he say anything about he wanted it lifted even if UNPROFOR left?

Mr. HOLBROOKE. He assumed UNPROFOR would leave. He assumed Srebrenica would fall and accepted that.

May I just make another comment, sir, about the federation? We keep talking about the Bosnian Muslims. In fact, I think we should be careful to be clear we are trying to talk about something called the Croat Bosnian federation. If we do not, Mr. Chairman, I think we are headed for a situation which could see the resumption of fighting between the Croatians and the Bosnians.

The federation is a very shaky and fragile event. It was described to me by one of its own high ranking officials as a house that only has a roof. When I walked down the streets of Mostar, I saw what the federation actually meant.

In streets that are completely demolished and look like the cities of Central Europe in the summer of 1945, you had Croatians on one side of the road, Muslims on the other side, 8 or 10 feet apart, fully armed preventing people from crossing the so-called confrontation line in Mostar except with permits, and quite clearly, ready to go back to fighting each other if they—if they felt so inclined.

So I want to stress that the federation is a very fragile and very tense instrument. I hope that the Congress in discussing Bosnia will remember to take more account of the fact that we must support the federation as an important component of this.

Chairman HAMILTON. I apologize for interrupting you so often, Mrs. Meyers.

Mrs. MEYERS. That's all right. I have one more question. I would like to change the subject.

ECONOMIC REFORM IN POLAND AND HUNGARY

There are some signs that Poland and Hungary may be getting off the track as far as economic reform is concerned. Are Poland and Hungary maintaining their commitment for market reform in your view?

Mr. HOLBROOKE. In macro terms, yes. There are some fits and starts, some two steps forward, one step back; but you have been in both countries in the last few weeks. I don't see serious signs of slippage in either country.

Mrs. MEYERS. Thank you, Mr. Chairman.

Chairman HAMILTON. Mr. Hastings.

Mr. HASTINGS. Thank you, Mr. Chairman. Let me add my congratulations to you, Mr. Secretary, and my great hope that your mission will allow for complete success.

AIR SUPPORT FOLLOWING LIFTING OF ARMS EMBARGO

Following the line of questioning that I perceive to be rather intense with reference to lifting the embargo, let me say what I think you didn't say and what I think might be an obvious assertion.

That is, lifting the embargo alone without air strikes is going to be a very difficult proposition.

With air strikes, the next proposition that is going to be difficult is who provides the air support, whether its NATO as Mrs. Meyers queried or whether its the United States or whoever. What is distressing, and what I don't quite have a handle on for my purposes, is when the British and the French do remove their troops, and it seems patently obvious that that is what they are going to do, and if the Dutch and Canadians do likewise, who in the hell then is going to provide the ground support that is going to be needed?

I guess my ultimate question is, I heard you say something about staff studying, an option Chairman Hamilton talked about; are we going to put ground troops there? U.S. ground troops? Should we put U.S. ground troops there?

Mr. HOLBROOKE. We are not going to put ground troops in. The President ruled that out a long time ago.

But I think your question is a very important one. And I want to stress again what I said earlier, Congressman Hastings: the failure of UNPROFOR to enforce what is within their mandate in the exclusion zones for whatever reasons—and I know why they aren't enforcing, I had real arguments with senior generals in UNPROFOR from four different nations—but their failure to enforce, the erosion of the exclusion zones which is happening as we sit here is enormous danger to the—let me return to the phrase I mentioned a minute ago—to the federation.

It would be very helpful if the Congress made clear to the United Nations that we who pay a very significant portion of that bill, even if we do not have forces in UNPROFOR, are rather disturbed by the failure to enforce.

Now, Mr. Chairman, with your indulgence, since it has now come up two or three times, let me explain why they don't enforce so we have it on the record. Let me give you the reason of UNPROFOR, telling you in advance I don't agree with it. I would like it to be part of the understanding.

The UNPROFOR commanders deeply believe that if you put military pressure on the Bosnian Serbs, which is what you have to do to enforce the exclusion zone, the Bosnian Serbs will then attack the UNPROFOR forces. Therefore, they have themselves in a very peculiar mental warp in cities like Sarajevo, particularly Sarajevo where they are allowing the cause of the aggression, the Bosnian Serbs, to define the terms of the strangulation. Is it going to be slow, fast, whatever?

From February until recently, Sarajevo was recovering quite nicely. When I was there in 1993, we were wearing flak jackets and helmets, secured along the sides of buildings. It was a hell hole. When I was there 2 weeks ago, there were outdoor cafes in the rubble. People walking on the streets. Markets on the streets. It was a dramatic improvement. Under the UNPROFOR concept of enforcement, enforcement in quotes, that is all subject to the Bosnian Serb pressure.

They are not prepared, Mr. Chairman, for winter. Winter will come in less than 8 weeks in Sarajevo. The Serbs are not allowing pre-storage of food. They continue to control the options. In this

context, I respectfully disagree with the concept the UNPROFOR people have.

Now, to be fair to them, they are on the ground. They face death; they face strangulation; they—I understand their concern for the safety of themselves and the men and women who serve there, including nongovernmental representatives of great bravery, including many Americans; but I don't believe their theory of dealing with the Bosnian Serbs is correct.

I wanted to put that on the record, Mr. Chairman. While I disagree with you, I think it is important your committee hear, we American diplomats are very fine Ambassadors in Sarajevo and Zagreb. Our U.N. Ambassador in New York, our Ambassador at NATO hear, and our Ambassadors in London and Paris hear every time we talk to any U.N. officials about this problem.

Mr. HASTINGS. Thank you. Thank you very much.

GREECE AND THE FYROM

Mr. Chairman, I will not ask any other questions in that area. I know Frank will. I would like to ask—and associate myself with his questioning as well—I would like to ask you to do me a favor and that is, once you are settled in, have a staff person talk with me about Greece and the former Yugoslav Republic of Macedonia.

EXPANSION OF NATO

My final question has to do with limited experience of having traveled recently to the Czech Republic and Hungary after being in Zagreb. I came away with an abiding sense that these people are crying out for advanced acceptance into NATO. As both of them are signatories to the Partnership for Peace, I am just hopeful all of us will be able to work in real time as opposed to this interminable discussion about them entering.

Let me give just one example. In the Czech Republic, the guns of the Ukraine may very well still be aimed at what is now going to be called Central Europe, what used to be called Eastern Europe. Unless we give them added comfort under the umbrella of NATO and make appropriate arrangements and do what is necessary in order for that to be successful, then I believe that we are allowing the Russians, if you will, for lack of a better term for whoever they are, to take advantage of the Former Soviet Republics.

I would just like to—

Mr. HOLBROOKE. You are talking about the Former Soviet Republics as opposed to Central Europe?

Mr. HASTINGS. Precisely. I just came from Hungary. Even though they had a Communist movement, politically, what have you, they still were begging to be made a part of NATO. I support that, I might add, and will continue to do so.

Mr. HOLBROOKE. I don't view the election in Hungary as a return to communism, by the way. It was Mr. Horn, as a Communist, who cut the barbed wire between Hungary and Austria which was the beginning of the end for the Berlin Wall. But I take your point.

I heard exactly the same thing as recently as yesterday in Warsaw. The important thing is to understand the Partnership for Peace was a, in my view, brilliant step in the right direction at a point when NATO membership could not be expanded. Again, I

draw your attention to the statements of the President and the Vice President on this subject which I think are consistent with your point of view.

Mr. HASTINGS. Thank you, Mr. Chairman.

Chairman HAMILTON. Mr. Gilman.

Mr. GILMAN. Thank you, Mr. Chairman. I wanted to welcome Mr. Holbrooke in his first appearance before our committee as Assistant Secretary of State for European and—European Community Affairs. And Mr. Holbrooke, of course, is no newcomer to our committee. We have had many opportunities to meet with him in the past with regard to his former assignments and duties.

It is good seeing you here in a new capacity. We wish you well in this capacity. It has been quite a while since our subcommittee has been able to review developments in Europe; and we, of course, welcome your thoughts.

Mr. Holbrooke, as part of your statement, you talk about our approach to European security as cooperative and inclusive and several countries have already expressed a desire to become full members of the alliance. You will begin discussions of that in the fall.

As you may be aware, I introduced a measure to try to accelerate the admission to NATO of the Czech Republic, Slovak, Hungary, and Poland, and that has met with a great deal of expression of support; and most recently the Kohl government in Germany has pressed for an early admission of Poland, Hungary, the Czech Republics, Slovakia and also talked about Russian membership.

I would welcome some support from the administration to try to move the admission at an early date. I think it would be beneficial to those countries and set a good example to the rest of Central and Eastern Europe. I think these four Republics have the most in common with us and are moving very rapidly toward democratization and to an open and free market.

So I think if the expansion would, as you said in your own statement, benefit even those countries who are not in the first group to join because—I am quoting your remarks—expanded NATO membership will improve security for all the European nations. I hope you will come out affirmatively in support of our measure. I welcome your comments.

Mr. HOLBROOKE. I would like to reserve comment on your measure until I have studied every word of it.

[The information was subsequently supplied for the hearing record and follows:]

I think the best way to begin responding to your statement is by referring to what the President has said on this issue, that is, that the time has come to begin discussing time lines and criteria for NATO expansion. We have begun that process through an interagency review, and, in fulfillment of the President's undertaking, we are planning to begin an intra-alliance discussion of expansion this fall.

At this early point in our own internal deliberations we have made no substantive decisions on any of the literally hundreds of complex questions expansion entails, including timelines or criteria for membership. Moreover, it would be wrong to look at this issue solely as a matter of "NATO expansion," when what we are really considering is the broader evolution of Europe's security structures. In addition, we would not want to reach any decisions on expansion before consulting with our allies. We have a lot of work ahead and we have many difficult issues to think through.

But we're not the only ones who have a lot to do. Potential new members of the alliance also recognize that they will have to undertake considerable preparations

if they are serious about pursuing membership, since NATO membership implies serious new obligations, as well as benefits.

In short, there's a lot of work to be done on both sides. We, of course, can assist our partners and we support the thrust of your amendment as one means of enabling us to help give these countries some of the tools they need to prepare themselves to join NATO. Where we have not been able to support your amendment fully is in prejudging which countries will qualify for early membership. We welcome the greater flexibility later versions of your amendment offered the President in designating additional eligible countries. To repeat my point, we believe this would be premature with respect to both our own decisionmaking process and to the actual state of preparedness of potential members. That said, certain states will clearly make the effort, as, for example, the President acknowledged in Warsaw when he said that we believe a democratic Poland will have placed itself among those ready and able to join NATO.

I do want to assure you that we are fully committed to implementing the President's policy on NATO expansion and I personally have been spending substantial amounts of time on this issue. Moreover, as we move through the process I want to consult closely with Congress. Many of the hard questions I referred to earlier cannot be answered without Congress.

Mr. GILMAN. It just says, very simply, let's put them into NATO as quickly as possible.

Mr. HOLBROOKE. Well, I think you know where I stand on that. I think the Vice President and the President want to start the process. We will begin discussions in Brussels this fall about how to deal with it. I cannot give you a timetable of rank order of the countries today but Congressman Hastings' question reflected exactly what I saw. In every capital I have been in, they want to join.

I would also stress one other thing, Congressman Gilman: I—it is very, very important that when NATO expands, not if, because it will, the Vice President said that in Berlin the other day, when NATO expands, it be understood that this is not an alliance directed as it once was in its origins against any particular country but rather it is an attempt to expand the zone of stability and security in Central Europe.

I look forward to working with you on this and perhaps in the next few weeks, I can talk to you more about it as it develops.

Mr. GILMAN. We welcome it. We have had over 50 cosponsors of our resolution in the Congress. We keep getting more and more. I welcome your taking a look at it.

Mr. HOLBROOKE. May I also respond again to the question which came up just before you arrived on the question of Russian membership in NATO in regard to Mrs. Meyers' question. I would like to be very clear on what I said lest I be misunderstood.

I would associate myself fully with Secretary Perry's remark in Berlin in response to Volker Ruehe's remarks which Chairman Hamilton quoted earlier, that they may well not become a member but that was a decision for the future.

TARNOFF DOCUMENT ON RUSSIAN SPHERE OF INFLUENCE

Mr. GILMAN. Mr. Secretary, how accurate are press reports alleging that there is a document prepared by Under Secretary of State for Political Affairs Peter Tarnoff now circulating in the State Department and the National Security Council that calls for recognition of the reality of a Russian sphere of influence, the so-called Yalta II document?

Mr. HOLBROOKE. Well, I was asked this question earlier. I can only reply, I know of no such document. I am assured it doesn't

exist. When I return to the Department, I will ask Mr. Tarnoff to verify that; and then I would like to submit to you and Chairman Hamilton a written statement to that effect so that we can clear up what appears to be a misunderstanding.

Mr. GILMAN. I welcome that. Mr. Chairman, if that could be made part of the record, I would welcome having it received.

Chairman HAMILTON. Without objection.

[The information referred to was subsequently supplied for the hearing record and follows:]

As I noted in my September 22 letter to Representative Hamilton, after these reports first surfaced, the State Department conducted a thorough research of its records. The search confirmed that no department official either signed or authorized any document calling for the recognition or even tacit acceptance of a Russian "sphere of influence." In any case, I want to make one thing crystal clear: this administration is unalterably opposed to the concept of spheres of influence in Europe; it runs against both the guiding principles and operational practices of our policies in Europe. The President and Secretary Christopher, as well as Peter Tarnoff and I, are committed to working toward an integrated, democratic Europe without spheres of influence or new dividing lines.

BOMBINGS IN HUNGARY

Mr. GILMAN. In recent weeks, there have been up to three bombings of some of the buildings in Hungary. It is reported these bombings may have been carried out by elements from Yugoslavia. Can you tell us anything that you know about this and what purpose such bombings have if they indeed were conducted by elements from Serbia?

Mr. HOLBROOKE. I would have to gain more information on that, Congressman Gilman. I will submit an answer to you on that as well.

Mr. GILMAN. Mr. Chairman, if that can be made part of our hearing record?

Chairman HAMILTON. Without objection.

[The information referred to was subsequently supplied for the hearing record and follows:]

Three bombings were reported in Hungary between June 1 and July 23. The first occurred at approximately 4:55 a.m. on June 1, in front of the Saint Rokus Roman Catholic Church in Szeged. A second device exploded at 2:40 a.m. on June 11, at an entrance to the Parliament building in Budapest. The third bomb was placed at the crypt entrance of the Matthias Church in Budapest. While the buildings suffered extensive material damage in the immediate area of the blast, only one person was injured in the attacks. Press speculation has focused on a possible "Serbian connection", as a similar blast occurred during the summer in Subotica, a predominantly ethnic Hungarian city in the Vojvodina region of Serbia. However, Hungarian authorities have not reported any evidence that persons from Serbia or elsewhere in the former Yugoslavia are involved and have not excluded the possibility of simple vandalism. No individual or group has claimed responsibility. If we receive any additional information, I shall forward it to the committee.

RUSSIAN TROOP WITHDRAWAL FROM BALTIC STATES

Mr. GILMAN. What are the prospects of ratification of the recent Russian troop withdrawal agreement between Estonia and Russia by their respective parliaments and what is the position of our Nation on Russia's ongoing arbitrary demarcation of the border with Estonia?

Mr. HOLBROOKE. I think the withdrawal was a very positive step, not one that leaves us fully comfortable because there are certain

people left behind in civilian guise. The border issue is one that I hope will be completely cleared up to everyone's satisfaction.

I think that what has happened and what is not happening yet should be dealt with in a historic perspective. It is a remarkable event, what happened on August 31 in Estonia. It is not something I think that anyone in this room and so many of you in this room kept the banner of independence for the Baltics alive for so many years. Very few people thought that they would see the day when this happened.

So I think we ought to start with the achievement, one in which President Clinton personally played a large role and then recognize that there still are some aspects of it that have to be cleaned up.

NEGOTIATOR FOR CYPRUS

Mr. GILMAN. One other question with regard to recent Albanian events. Incidentally, I understood before I came that you were asked about appointing a new negotiator for Cyprus and you hope that will come about at an early date. That has been going on since May. That is uncalled for. This is a critical issue. I hope you will give prompt attention to it.

Mr. HOLBROOKE. Mr. Gilman, I was also referring to the suggestion we return to a higher level negotiator. That I—I stated that I personally am sympathetic to that idea. And I wish to work the problem through and get back to your committee on it because I think that that would go even further in the direction you wish.

SETTLEMENT BETWEEN GREECE AND ALBANIA

Mr. GILMAN. Thank you. One more question. Have we discussed with the Governments of Greece and Albania a way to try to settle their differences peacefully in a way which doesn't further undermine the stability in that part of the world?

Mr. HOLBROOKE. Yes, we have. We sent a special mission to the area the week before last of Chris Hill from the State Department and Richard Schifter from the National Security Council staff. We have been in direct contact with the leaders of both Albania and Greece about this. We are very concerned about it. It is a potentially dangerous situation that we want to contribute to solving.

Mr. GILMAN. Thank you, Mr. Secretary.

Thank you, Mr. Chairman.

Chairman HAMILTON. Mr. McCloskey.

Mr. MCCLOSKEY. Thank you very much, Mr. Chairman.

Secretary Holbrooke, great to welcome you. I wish you every success in your new position. From our brief interchange before the meeting, and what you have demonstrated so far, I think you are going to do an outstanding job. I don't know if it is of concern to the State Department or not, but I think we are going to get along just fine. So I am looking forward to working with you.

I want to commend you for one thing, for being on the ground in Sarajevo, knowing what the people are going through, and you have been to Banja Luka. I cannot hit you with any—

Mr. HOLBROOKE. Like you, Mr. McCloskey, I saw ethnic cleansing firsthand. It is something one doesn't forget.

SERB VIOLENCE AGAINST BOSNIAN MUSLIMS

Mr. McCLOSKEY. In a way I hate to bring it up, but in our excellent newspaper of record, the *New York Times*, today's headline said, "Serbs Step Up Violence Against Bosnian Muslim Civilians". Yesterday, I guess Mr. Sudetic also had an outstanding feature on the real stress, the agony, the pain, the tragedy ongoing in Sarajevo as another winter comes on. The Bosnian Serbs again have rejected the peace plan and they are and are even on the verge of more increasingly acting with impunity.

Quite frankly, if there is one thing that the Haiti situation shows, it shows the credible threat of force works. It came late—and we are into a perhaps moderate transitional success now—but still a very important success in Haiti. Our guys are not getting shot at. The helicopters are coming in. You have had these interchanges with UNPROFOR, but when is the administration going to take the leadership to say this cannot go on for another winter.

You know about the understanding of the House and Senate and the agreement by the President to attempt a multilateral lifting of the arms embargo. If that does not work, we have a commitment from the administration of U.S. nonparticipation in that horrible farce. But the word is coming through in the international media, Mr. Secretary, that the deal is down; high-placed administration officials are saying the administration is not expecting a lifting of the arms embargo this year. And I am so fearful it will be business as usual; and I ask what tragedy, what atrocity, what loss of life will it take to shake the West out of this?

Another comment or two—

Mr. HOLBROOKE. May I interject? I don't know what article you are holding up or referring to, but no administration official can—is authorized to or speaks with accuracy if he is in any way vitiating the commitment the President made in his letter on this subject. So I don't know what this is, but if it is for attribution, I would be very surprised. If it is a blind quote—

Mr. McCLOSKEY. It is not more attribution. It is one of these high administration sources.

Mr. HOLBROOKE. What newspaper is this, sir?

Mr. McCLOSKEY. The *London Sunday Times*.

Mr. HOLBROOKE. I would love to see the article. It is not an authoritative statement of our position.

Mr. McCLOSKEY. If there is not a sincere effort beyond the pro forma to lift the arms embargo, the credibility problem would be immense. I would also say briefly as to Mostar and other areas, the BC Alliance is critical. I really look forward to exchanging ideas on that.

I have been to Mostar about three times. If you check State Department files after every trip, I made a specific set of suggestions. Quite frankly, I have never gotten a good reply.

I think that the BC Alliance was the foremost achievement of President Clinton and Secretary Christopher and all your good people working together in this area.

Some physical presence on the ground in Bosnia as far as civilian, military, American personnel, and the idea that we are there and we care about them would mean so much. I would appreciate

it if you would get my memo out of the files and respond to that idea. I think it did have some valid—particularly brilliant, and obvious ideas, but obvious ideas that still need to be followed up on; I would like you to comment on just how do we stop this cycle.

Are we going to take another ethnic slaughter this winter with no leadership? How about Croatia, as the UNPROFOR Serbian occupation continues, with not one Croatian family allowed to go home, with the promises that the Serbs signed being unkept and evidently no enforcement attempt against the Serbs?

Mr. HOLBROOKE. You are referring to the so-called U.N.-protected areas in the Krajina?

Mr. McCLOSKEY. Yes, sir.

Mr. HOLBROOKE. First of all, I agree with your comments about the federation. That is why I said we need to give it more support. I think it is urgent we preserve what has been achieved and build on it.

Secondly, I look forward to reading your memos on Mostar and will respond to them in writing, sharing my views which are probably similar to yours.

[The information referred to was subsequently supplied for the hearing record and follows:]

I have read your letter to Secretary Christopher on the Bosnian Federation, and I agree with you that the federation has many problems particularly at the local level.

For this reason, the administration announced during President Izetbegovic's recent visit that we would provide \$20.5 million to strengthen federation public services and local governments, assist civic groups and NGO's, develop commercial, financial and civil law, and support an independent media. This is in addition to an earlier \$10 million grant for federation-strengthening activities in Sarajevo.

To see what more we can do to support the federation, Secretary Christopher has asked Ambassador Ralph Johnson to lead a team of economists, conflict-resolution experts, and regional specialists to Bosnia beginning October 5 (they are expected back on October 16).

Maintaining a strong Bosnian Federation is critical our policy in the region, and we intend to make the federation viable. In addition to increasing regional stability, the alliance between the Bosnian Government and Bosnian Croats has brought an end to the fighting in central Bosnia, allowed humanitarian deliveries to resume, and helped recreate the multiethnic character of Bosnia.

Third, there has been no erosion of the President's commitment in the letter to Senator Nunn. I wish to state that flatly and categorically.

Fourth, there is also no question that lifting the arms embargo will create a situation that has consequences, as I responded to the earlier questions; and I hope that the Congress, particularly those people like yourself who support lift, understand that because—

Mr. McCLOSKEY. I say lift and strike?

Mr. HOLBROOKE. If that is the scenario that unfolds as is now our current intention, it will have a series of consequences that I hope the Congress will be prepared to live with.

U.N. ENFORCEMENT OF RESOLUTIONS

And finally, on the United Nations, anything you can do to help us get the U.N. to enforce its mandates would be very much appreciated. I can tell you that we are engaged across-the-board right now, London, Zagreb, Paris, Sarajevo, and New York and through

the NATO commanders who are also American commanders in Naples on this issue. I am very unhappy about it.

Mr. MCCLOSKEY. Mr. Chairman, if I may ask a concluding question? Maybe this question is a little general or obvious, but I think it is very important. I ask it of a committed and expert Europeanist, if you will, what is the real impact? What is the fallout? What is the reality?

What is the aftermath of allowing this to just go on like it is now with ultimately the genocide, the dissemination of hundreds of thousands of people dead, millions of refugees, almost in the middle of Europe? What will this ultimately mean from the standpoint of operating in the year 2000 and on?

Mr. HOLBROOKE. I stated publicly, repeatedly my views on this: starting in 1991-1992, the failure of the Europeans and the United States to react early to this tragedy allowed it to escalate to its present explosive levels. There is a serious danger of metastasizing back into the Krajina and Kosovo, embracing the former Republic of Macedonia, Greece and Albania. I think skillful diplomatic and international efforts can prevent the worst case. But let's be clear. The lesson that should have been learned is, better act early rather than late.

It is, therefore, all the more incumbent upon us to recognize how vital it is to expand the zone of security and stability in Central Europe. When I go to Bratislava and here the Slovaks attack the Hungarian minority in their country, verbally, not physically at this point; when I look at Greece and Albania, Romania, Hungary, and even now Slovenia's growing argument with Italy over the Italian minority in Slovenia, all of these arguments from the Versailles and Utrecht Treaty of 1919 as well as the legacy of World War II, while I am not predicting any of these things would escalate to Bosnian levels, we have to understand the lesson which is that history is not over in Central Europe; and that the outside world ignores it only at its own ultimate peril.

This is the area where wars began in Europe in this century. There is a reason for it.

DIPLOMATIC RELATIONS WITH MACEDONIA

Mr. MCCLOSKEY. Prospects for implementing the full diplomatic relations with Macedonia obviously is in peril?

Mr. HOLBROOKE. Well, we recognize the former Yugoslav Republic of Macedonia. We do not have an ambassador there. It is a matter that I think requires some close attention and close consultations with our NATO allies in Athens.

There are aspects of it that I think could be alleviated. I am not pleased with the deteriorating economic situation there which I think could only threaten stability.

At the same time, the border between FYROM and Serbia is one where the embargo against Serbia is not being implemented; so you have a problem on one border as well.

Mr. MCCLOSKEY. Thank very much, Mr. Secretary.

Thank you, Mr. Chairman.

Chairman HAMILTON. Just to pick up there, our policy is that we will move to establish diplomatic relations fully with FYROM only

after all the key issues between Greece and FYROM have been resolved; is that correct?

Mr. HOLBROOKE. Yes, sir.

Chairman HAMILTON. What kind of timeframe are you looking at there?

Mr. HOLBROOKE. Mr. Chairman, I wish you would give me a few days on this one. I am not trying to duck it, but it is only my fourth day on the job and I cannot yet answer that. I have not yet had a chance to talk to Matt Nimetz, our representative in this area in detail. There is an election coming up in Skopje.

[The information referred to was subsequently supplied for the hearing record and follows:]

We have no specific timetable. The administration favors establishing full diplomatic relations as soon as we are satisfied that such a step will contribute to overall stability in the region.

We furthermore understand that resolution of differences between the FYROM and Greece is an important objective. Presidential Envoy Matthew Nimetz will encourage both parties to work very hard to settle their differences through U.N. mediator Cyrus Vance's efforts as soon as possible. We believe there may be new opportunities for progress after the FYROM's elections in October.

Chairman HAMILTON. We understand you have been traveling a lot and have not had a chance to bring yourself up. That is an area that a number of us have an interest in. On one of your next trips up here, we will be quizzing you about that fairly carefully.

We have 500 military personnel in Macedonia at this point; and that is about half of the UNPROFOR mission there. Among other things, obviously, we are very interested in the future of those—that personnel; so we will come back to that on another occasion.

BREAK BETWEEN SERBIA AND BOSNIAN SERBS

Let me go to one of the few bright spots—there aren't very many in the former Yugoslavia—which has been the rift here which has opened up between Serbia and the Bosnian Serbs, the intention announced by Milosevic he will stop the flow of refugees across the border there.

What is your analysis of why he has broken with them?

Mr. HOLBROOKE. First of all, I think the break is real; but I would not misread it as a change in the long-range strategic goals of the Serbs. However, I think the main reason for it is that Milosevic is seeking a reduction of the economic pressures on him; and he is seeking some degree of international acceptability.

Chairman HAMILTON. Is he actually delivering on his promise to block the fuel supplies and the military supplies going into Bosnia?

Mr. HOLBROOKE. The monitors that have just moved in are giving preliminary reports which are positive. In addition, Croatian officials I met with in Zagreb claim to have their own sources in the Banja Luka area who tell them that they are really beginning to hurt. But is it fully effective, Mr. Chairman? I don't know.

Chairman HAMILTON. Do you think it is effective enough to bring the Bosnian Serbs to the negotiating table?

Mr. HOLBROOKE. Unlikely. Very unlikely. There is too little time left. When I asked that question and other related questions of people in the region, they tended to say it would be 3 to 5 months as a thumbnail guess before that—it had the kind of effect you are

talking about, with winter being a key factor, and its continued effectiveness being a key factor.

Chairman HAMILTON. When you put all of these things together in Bosnia, is it correct to say that the outlook for the winter is bleak?

Mr. HOLBROOKE. Yes, sir. Very.

Chairman HAMILTON. And the parties are both kind of regrouping, are they not, for more military action?

Mr. HOLBROOKE. Yes. Clearly I believe—and this is a seat-of-the-pants military analysis—that the rise in the level of violence by the Bosnian Serbs in recent days is a result of the fact winter is their least useful time for activity and they are trying to get in some hard shots before winter sets in and also send what they view as a signal of defiance to the rest of the world.

So I think you are absolutely right: people are hunkering down and getting ready for a very brutal winter.

UNITY OF THE CONTACT GROUP

Chairman HAMILTON. What is your judgment about the role of the contact group in the peace process and really the unity of the contact group? We have seen a lot of reports that there are genuine divisions.

Mr. HOLBROOKE. The contact group achieved genuine successes in the recent past, from February to today, which you and your colleagues already mentioned. The creation of the federation, the creation of the split between Belgrade and Poli, between the Serbs of Belgrade and the Serbs of Caranic, the lifting of some of the military pressure in Sarajevo. All of that is in danger right now.

The contact group, it is important the contact group stick together. It is also important no one member of the group are permitted to create a unilateral situation which leads to the lifting of the pressure against Belgrade.

Chairman HAMILTON. The contact group presented the sides with kind of a take-it-or-leave-it proposition. Of course, it was accepted, the Bosnian Serbs rejected it, the others accepted it.

What kind of flexibility is there in the contact group here?

Mr. HOLBROOKE. You mean in adjustments in the map itself?

Chairman HAMILTON. What happens if, prior to October 15, the Bosnian Serbs indicate they can accept the plan but want amendments to it or adjustments to it?

Mr. HOLBROOKE. Well, Mr. Chairman, our present position is take it or leave it. It is a hypothetical question. I really cannot answer it.

Chairman HAMILTON. OK.

Mr. HOLBROOKE. They have not so indicated, I might add.

Chairman HAMILTON. I understand that.

Mr. HOLBROOKE. I was told by leaders of the Bosnian federation in regard to that question that they themselves, they themselves would entertain—and I quote them—small adjustments in the map as long as the 51-49 percentages remain viable. They did not tell me what those adjustments were.

Since the Bosnian Serbs have rejected it completely, at this point it seems fruitless to discuss it. I do wish to put on the record that

the Bosnian Muslims in the federation were willing to entertain some "small adjustments."

Chairman HAMILTON. You referred to what might happen if there is a lifting of the embargo. Among other consequences there, do you see the Bosnian Serbs will go on a military offensive?

Mr. HOLBROOKE. For sure. Not a chance they will not. They started it already preemptively.

Chairman HAMILTON. If they did that, they could fairly easily cutoff those three eastern enclaves, could they not?

Mr. HOLBROOKE. Serbia for sure; probably the other two; yes, sir.

Chairman HAMILTON. And reimpose the siege on Sarajevo?

Mr. HOLBROOKE. I think that that is in the process of happening now. The so-called blue route has been closed. The restrangulation has begun. That is why I keep emphasizing in this hearing today my deep concern that the UNPROFOR forces that are there to prevent that are allowing it to happen.

Chairman HAMILTON. If you go into a third winter of war and if we are working to get the arms embargo lifted and if the French and British begin pulling out UNPROFOR, you really have a very bleak, desperate situation developing, do you not?

Mr. HOLBROOKE. It is pretty bleak either way, but I quite agree with your question.

U.S. HUMANITARIAN AND MILITARY COMMITMENTS IN BOSNIA

Chairman HAMILTON. I asked you a little bit ago about military commitments we might have. Do we have humanitarian commitments in that sort of situation?

Mr. HOLBROOKE. I don't know about commitments in the technical, legal, and Presidential sense, but if you would change the word to obligations in a loose sense, I personally would say yes; but, you know, Mr. Chairman, you and Congressman McCloskey and others who have traveled to the area have seen the same thing I have, which is this enormous expense in which we in the West deal with the consequences of the Serbian aggression and not with its causes.

We are trapped here. If people are in trouble, we have to try to help them as we did in Rwanda, Somalia, and Bosnia. But it is outrageous that we keep pouring money down a sinkhole while not dealing with the causes of this problem.

Chairman HAMILTON. We are now talking about partial lifting of the noneconomic sanctions against Serbia if Milosevic agrees to the deployment of these monitors. Those monitors are now taking their place?

Mr. HOLBROOKE. Yes, sir. They are there.

Chairman HAMILTON. Our position now is that we support a partial lifting of the sanctions against Serbia?

Mr. HOLBROOKE. Well, what we have agreed to is a limited lifting of so-called phase one sanctions for a limited period of time. Those sanctions are sporting events, cultural events, and commercial airplane flights; the duration of the lifting to be 90 days, but renewable or cancellable on the 30th and 60th day. That is the current situation.

Chairman HAMILTON. Mr. Secretary, nonetheless, it is a partial lifting?

Mr. HOLBROOKE. Yes.

Chairman HAMILTON. It is a very important signal to Milosevic; right?

Mr. HOLBROOKE. Yes, sir. It is a signal.

Chairman HAMILTON. If they are the big aggressors here, and most people seem to agree they are, why do you do that?

You have been pretty harsh in your statements this morning about the Serbs. Why would we move along now and start lifting the sanctions against the Serbs?

Mr. HOLBROOKE. I believe that the phase one sanctions are limited; have no strategic value and show——

Chairman HAMILTON. All that is a given. I agree with all that. Why do it?

Mr. HOLBROOKE. Because it was decided by the contact group, this incidentally preceded by involvement in the issue——

Chairman HAMILTON. The contact group includes us?

Mr. HOLBROOKE. That is right. It was decided by the contact group, including us, that it was worth encouraging Milosevic to keep that border closed and not incidentally finding ways to verify it; and the quid pro quo negotiated by Lord Owen was——

Chairman HAMILTON. It is part of the squeeze we want to put on the Bosnian Serbs; right?

Mr. HOLBROOKE. That is correct.

Chairman HAMILTON. Our chief goal here is to isolate them?

Mr. HOLBROOKE. Yes, sir.

Chairman HAMILTON. And we look upon this as a way to do it as long as Milosevic is cooperating out there?

Mr. HOLBROOKE. That's correct.

Chairman HAMILTON. Is that about the way we are thinking?

Mr. HOLBROOKE. Cooperating is a little stronger word than I want to use specially; but yes, you are describing exactly the concept.

Chairman HAMILTON. OK. We think Milosevic is still pretty much in control, do we?

Mr. HOLBROOKE. Yes, sir.

Chairman HAMILTON. Did you have more questions? Mr. McCloskey. I want to go to other topics.

ISOLATION OF MILOSEVIC

Mr. MCCLOSKEY. I thank the chairman. I did have an item of concern. I agree with what you are talking about. Just very subjectively from my own experience, I guess name dropping here, I met Milosevic. Milosevic——

Mr. HOLBROOKE. Some name to drop.

Mr. MCCLOSKEY. Milosevic is no humanitarian. The idea of this barbarous criminal who is the mastermind behind this whole genocidal scenario being a force for peace is a hard one to accept; and I think—I am not pressing you on this, I think you would probably agree with this.

You expressed at least some implicit reservations yourself. There is no doubt at all that he is in there for a greater Serbia; I mean—and he's the big fish. He's the guy who has done all of this. I would not trust his word for a moment, other than in his immediate self-interest.

Mr. HOLBROOKE. Granting that point, Mr. McCloskey, I hope you will not feel that the arrangement that Chairman Hamilton just described was one which in any way undermines our intent. The Chairman is quite right. The goal here is to isolate Tardic, Milalic, and Nepardic Serbs. Even though what you say about Milosevic is true, as a short term approximate goal, it was worth an attempt.

Mr. MCCLOSKEY. Mr. Secretary, I am getting to a pragmatic, empirical, factual item. I spent a couple hours last week with General Delic who knows something about the ground situation in Bosnia. I have no reason to disrespect him in any way. He says the supplies, the equipment, even the Serbian troops are still coming across, coming across in helicopters, over mountain passes, no slowdown since all these—you know, representations of Milosevic about imposing a barrier.

I am not putting you on the spot on that. I guess I would ask you to verify or comment on that at some point and get back to my office; but, I mean, this whole thing is a joke, a macabre joke. You said they are planning now for what they are going to do. In the event of lifting the arms embargo. I would say right now in any event.

You really didn't go to my point and that's no criticism, but I guess I asked a lot. But are we going to tolerate this into the third winter? I think that is what Mr. Hamilton was getting at. Is the West really going to—I mean, the Brits are one thing. Are we going to take this from the Serbs for another year as this goes on?

Mr. HOLBROOKE. First of all, on General Delic, the intelligence that has been collected included what Croatsians with better ties in the Banja Luka area than Delic tell us that Milosevic really has cutoff these people. His motives are not noble. He wants to get rid of Cardic. We understand that. And Delic may have better information. I am aware of Delic's comments to you and others. Let us sit down and check them.

[The information was subsequently supplied for the hearing record and follows:]

With the number of observers in Serbia, it is obvious that every sector of the border with Bosnia cannot be controlled. The head of the mission, General Pellnaes has concluded that the Serbs have "effectively implemented their decision to close the border" and that the requirements for implementing UNSC 943 have been met.

The United States respects General Pellnaes' professionalism.

The United States will keep the border situation and Serbian compliance with UNSC resolutions under the closest scrutiny. The first U.S. member of the mission, who will serve as deputy to General Pellnaes, is already in the area.

Additional U.S. members of the international mission will be in the area in the next week.

As we have noted many times, if the international mission concludes that Serbia is allowing goods, other than humanitarian supplies, to get into the hands of the Bosnian Serbs, and if the Secretary General—at any time—reports that fact to the Security Council, the sanctions measures currently suspended will be automatically reimposed on Serbia.

Secondly, as for the winter, of course we shouldn't tolerate it. But I cannot sit here today and give you a solution to the problem which will prevent a third winter because the international will to do the kind of thing you would support is not only lacking, it is not available to those of us in this room to create.

I am not here today as a defeatist. I am certainly not here to repeat some of the extraordinary statements that were made in 1992,

kind of there is nothing we can do until they have killed each other off made by people like Larry Eagleburger. I don't share those. We must do something. At the same time, we have to be reasonable about what can and cannot be done. That is why we are on the course we are now on.

Mr. McCLOSKEY. I am not, Mr. Holbrooke, arguing with you. It is an exceedingly unreasonable situation. I guess I have been through a certain dialogue with the administration, and the previous administration over the last 2-plus years. More than ever, it is time for up-front Presidential and State Department leadership.

NO LIFTING OF ARMS EMBARGO THIS YEAR

I have enough faith in Bill Clinton, in his leadership ability, his charisma, and his persuasive powers to say if he got out there, reactions would change in Europe. So we cannot engage in this subterfuge of avoiding the arms embargo which has been reported. I will give you the article I referred to earlier. It says the White House and Pentagon says, the arms embargo won't be lifted this year. I am not putting you on the spot. We are having a public dialogue.

Mr. HOLBROOKE. I would love to see the article. No one who said that could speak with authority.

Mr. McCLOSKEY. It is time for the administration. It is wonderful you are in your position, sir, to get out there and do it.

Mr. HOLBROOKE. The more this hearing goes on, Mr. Chairman, the less wonderful I think it is. I appreciate Mr. McCloskey's comment.

VISA FOR GERRY ADAMS

Chairman HAMILTON. Let me turn to Northern Ireland for a minute.

Mr. HOLBROOKE. Now it is really less wonderful.

Chairman HAMILTON. There are reports that Jerry Adams is likely to be granted another visa to enter the United States. Can you tell us anything about that?

Mr. HOLBROOKE. My understanding is that he is about to apply for a visa. We can't—since there is a very, very clearly delineated procedure here which is not an executive branch procedure but one laid out by the Congress in which the formal authority is not in the State Department but in the Justice Department, I cannot foreshadow a request which has not been made yet. I would say that there is a favorable disposition to it.

Chairman HAMILTON. OK. The President or the—the President after the cease-fire announcement a few weeks ago talked about additional U.S. economic aid to the region that might be forthcoming.

Can you give us any detail on that?

Mr. HOLBROOKE. There is a working group on this now, Mr. Chairman; and it is one of my first orders of business to get caught up on the exact state of play; but I was told as recently as driving up here in the car, in that big traffic jam, when I asked about this, was that they are now looking for resources within a very limited amount of resources available in the budget to deal with this. Yes. That is correct.

Again, on that question, Mr. Chairman, I would like to get back to you in writing after I have consulted other people in the government.

[The information referred to was subsequently supplied for the hearing record and follows:]

The Department of State, including the European Bureau, actively participates in an interagency working group chaired by the National Security Council. The group is examining ways in which the United States can support the peace process in Northern Ireland through encouraging economic development while keeping the reality of budget constraints in mind. As part of this process, we have been interested in any ideas offered by leaders of both the Unionist and Nationalist communities in Northern Ireland, as well as the British and Irish Governments.

We are focusing on ways to encourage private-sector investment. We also want to cooperate with potential partners who now contribute to the International fund for Ireland (IFI), including the European Union, Canada and New Zealand. The European Union has just decided to increase its contribution to the IFI by an additional \$6 million over each of the next 3 years.

The administration hopes to consult with Congress on possible further initiatives shortly. At present, the administration has made no decision to request additional funding for Northern Ireland.

Chairman HAMILTON. OK.

Mr. HOLBROOKE. But certainly we want to do what you are suggesting. The question is how much and how.

Chairman HAMILTON. Would you expect to be getting back to the Congress soon?

Mr. HOLBROOKE. I hope so.

Chairman HAMILTON. You know we quit here in 3 or 4 weeks?

Mr. HOLBROOKE. Mr. Curran said he expects the decision in mid-October. I think we could consult with you about the deliberations immediately and perhaps either Mr. Kern or myself could get back to you.

Chairman HAMILTON. Keep us fully informed on that.

Mr. HOLBROOKE. Yes, sir.

Chairman HAMILTON. Please.

Mr. HOLBROOKE. We certainly understand your interest.

Chairman HAMILTON. Do we have any reason to think that the British Government made a secret deal with the IRA?

Mr. HOLBROOKE. I do not know of any.

Mr. MCCLOSKEY. Mr. Chairman, may I ask a question about Ireland? Mr. Secretary, what is your immediate prognosis as to Ian Paisley's public strategies from here on in? Obviously, he has been somewhat resentful and hostile. I met with John Hume last night; John thinks that it is likely they will be getting more and more with the program soon.

In conclusion, I wanted to say I do think President Clinton's interests and leadership as to Ireland has been a very specific and important part of the positive trends recently. The administration deserves much commendation on that.

Mr. HOLBROOKE. I share your views on the President, of course; on Mr. Hume; and on Mr. Paisley, whom I have never had the pleasure of meeting. I don't know what his strategy is going to be, but I don't think it will be helpful.

Mr. MCCLOSKEY. That would be in keeping with past precedent.

Mr. HOLBROOKE. Yes.

Mr. MCCLOSKEY. Thank you.

TURKISH FOREIGN POLICY

Chairman HAMILTON. Mr. Secretary, we have a new Turkish foreign minister. I think he is widely viewed as less supportive of U.S. interests, a proponent of a more independent policy by Turkey.

Have you seen any changes in Turkish foreign policy since he was appointed?

Mr. HOLBROOKE. Secretary Christopher and I will meet with Foreign Minister Soysal in New York next week. Tarnoff was in Ankara last week. His view was that perhaps the problem was not quite as great as implied in your question and incidentally in my previous understanding. But we do have some serious problems in regard to certain aspects of Turkish activities.

Chairman HAMILTON. You are not aware he shifted Turkish foreign policy in any way contrary to U.S. objectives and policy.

Mr. HOLBROOKE. Not at this point; but I understand your concern, and I want to learn more about it in the next few days.

But I stress that Mr. Tarnoff, whom I talked to just before coming up here, felt that the problem was not—and I am quoting him—not as great as perceived by some people. On the other hand, that is not to say there are no issues here between us and Turkey in the human rights field and elsewhere.

Chairman HAMILTON. One of the things Turkey did recently was to close its border with northern Iraq to affect nongovernmental organizations and journalists, that they are not going to be able to gain access to northern Iraq. That is viewed, I think, as an attempt to push the Iraqi Kurds to make a deal with Saddam Hussein.

Are you aware of that? What is your view about that policy?

Mr. HOLBROOKE. When I referred to problems we had—and I used the word human rights—I was referring to southeast Turkey. That is the issue I was referring to. I am very concerned about that.

Chairman HAMILTON. That is an item to be on your agenda when you visit?

Mr. HOLBROOKE. Absolutely. No question about it.

Chairman HAMILTON. We have had a long-standing interest in the improvement of the situation in southeast Turkey. Do you—let me just ask you: what is your assessment of that situation at the moment? Or do you want to defer that?

Mr. HOLBROOKE. May I defer that, sir?

[The information referred to was subsequently supplied for the hearing record and follows:]

Over the summer, Turkish security forces scored important military gains against the terrorist Kurdistan Workers' Party (PKK). This has helped to reestablish order in the area.

We have told the Government of Turkey that while the United States firmly supports the military effort against PKK terrorism, the campaign must respect fundamental human rights. We do not believe the problem in the Southeast can be settled by military measures alone. We have urged the Turks to address the political, cultural and economic elements of the situation as well as security concerns.

Prime Minister Ciller has recently stated that the campaign against the insurgency has been sufficiently successful to permit consideration of expanding cultural rights for Kurds. Other officials made the same point to John Shattuck, Assistant Secretary of State for Democracy, Labor and Human Rights, during his July visit to Turkey.

The United States, our European allies, and multinational organizations continue to raise human rights concerns with the Government of Turkey. The Turks have ac-

knowledge that they have human rights problems, they want to improve Turkey's human rights situation, and they are committed to legislative and constitutional reform.

We will continue to seek every opportunity, including this month's scheduled return to Turkey by Assistant Secretary Shattuck, to engage the Turks on a full range of human rights issues.

Chairman HAMILTON. Mr. McCloskey.

TRIAL OF KURDISH PARLIAMENTARIANS

Mr. MCCLOSKEY. Thank you, Mr. Chairman, for yielding, for the line of comments and questions as to Turkey. Mr. Secretary, one very important related question is civil rights and political justice in Turkey, the pending trials of the Kurdish parliamentarians, and I believe a journalist or two which by all information getting over here by our standards, at least, is an outrage.

Do you have any plans or hopes to press that issue or could you comment?

Mr. HOLBROOKE. We do intend to continue to bring it up. Again, as with the previous question, I would like to report back to you after our talks. The Secretary will meet with the Turkish foreign minister next week. I assure you these issues will be raised. I cannot assure you they will be resolved.

[The information referred to was subsequently supplied for the hearing record and follows:]

On August 3, Turkey's State Security Court began the trial of six MP's for allegedly advocating a separate Kurdish state—a crime which could result in the death penalty. Five of the MP's are from the now outlawed pro-Kurdish Democracy Party (DEP), and one is an independent. Some of them are also charged with collusion with the terrorist Kurdistan Workers' Party (PKK).

We have repeatedly expressed to the Turkish Government our deep concern over the trials. We have noted that it is difficult for most foreign observers to understand how MP's could be stripped of their immunity and put on trial for expressing their thoughts.

Journalists, Members of Parliament, delegates from the European Union and other European organizations, and human rights activists have attended the proceedings. Our Embassy is monitoring the trial, and we have told the Turkish Government that we attach great importance to the openness and transparency of the trial. Currently the trial is in recess and no date has been set for its resumption.

John Shattuck, Assistant Secretary for Democracy, Labor and Human Rights, will be returning to Turkey later this month. Among other human rights concerns, he will continue to address the detention of the DEP parliamentarians.

Chairman HAMILTON. Mr. Holbrooke, you are lucky this morning. I have other appointments to get to. We are going to let you off easily today. I want to say we are delighted having you serving as the Assistant Secretary. We look forward to a good and cordial relationship with you. We have been very easy with you this morning because we are so sensitive to the fact that you are new on the—in your position. Next time when you come back, it will be a lot tougher session.

Mr. HOLBROOKE. Thank you for those kind words, Mr. Chairman.

Chairman HAMILTON. OK. We stand adjourned. Thank you for coming. I will submit some questions by Mr. Gilman to be answered for the record.

[Whereupon, at 12:06 p.m., the subcommittee was adjourned.]

APPENDIX

STATEMENT OF ASSISTANT SECRETARY RICHARD C. HOLBROOKE
BEFORE THE HOUSE COMMITTEE ON FOREIGN AFFAIRS,
SEPTEMBER 20, 1994

It is an honor for me to be here with you today. I want to thank you for the opportunity to outline how this Administration is advancing U.S. national interests in a Europe undergoing profound changes.

On September 8 -- one of my last days as U.S. Ambassador to Germany -- U.S. forces departed Berlin in triumph, having successfully defended the liberty and security of that city for over forty-nine years.

The departure of the troops was perhaps the final symbolic reminder of the end of the Cold War. But it does not mark the end of our active engagement in Europe.

The fall of the Berlin Wall, the collapse of the Soviet empire and the emergence of new democracies in their wake have given the United States an unparalleled opportunity to contribute toward a free and undivided Europe. The end of the Cold War has freed Europeans and Americans from the need to focus narrowly on a common external threat. We are now free to move beyond the armed truce of the Cold War to build a more durable peace and security that is based on the strength of our

societies and the health of our institutions. We can now press more vigorously for other common objectives: advancing prosperity and social justice at home, human rights, freedom and market reforms abroad.

Together we can transform former adversaries into lasting partners. We can build a Europe that is united in democracy; a Europe whose security is based on building bridges, not walls; a Europe that can serve as our global partner in common efforts to extend peace and prosperity.

But if we are to seize this historic opportunity, it is essential that we also understand and confront the challenges that lay before us. Europe's Cold War competition between totalitarianism and democracy has given way to another form of competition: that between forces of integration, tolerance and inclusion and those of fragmentation, intolerance and exclusion.

Just as we have moved away from the most dangerous confrontation in human history we are witnessing the greatest outbreak of violence and bloodshed in Europe since the end of World War II.

The Berlin Wall is gone, but invisible walls remain -- walls of ignorance, intolerance and envy. Today, Europe's security challenges come just as much from injustice, economic want and ethnic hatred as from military aggression. Progress toward the durable peace we seek will come only if we tackle

the root causes of conflict that walls and weapons manifest.

This is a daunting challenge, particularly for the great and ancient lands that lie in central Europe. They suffered immensely from the twin evils of Fascism and Communism, from hot war and Cold War. Today they are free -- but they need our help.

There are those who ask why what happens in these seemingly distant lands still matters to us. There are those who say that once tyranny had been eliminated, our goals in Europe were fulfilled, and we can turn away.

This Administration does not accept this view. Without democracy, stability and free market economies, the lands of central and east-central Europe remain vulnerable to many of these ancient problems --ethnic strife, territorial disputes, false nationalism, racial prejudice, and institutionalized corruption. If any of these malignancies triumph -- as they have already in parts of the Balkans -- there is again a risk to general European stability. If these malignancies triumph the tragedy in Bosnia could be an ugly precursor to a new era of European insecurity marked by virulent ethnic and nationalist animosities, mass migration, xenophobia and economic dislocation.

Three times in this century Europe has seen what such instability costs -- and each time the United States was needed to help redress the balance.

The murderous conflict in the former Yugoslavia reminds us that military force remains relevant in today's world. It also reveals the difficulties of applying military force to conflicts within as well as among states. And it teaches us that it is best to act early to prevent conflicts that we may later not be able to control.

We are actively engaged with our partners in the Contact Group in particular to seek an end to the bloodshed in the Balkans; to prevent the spread of the fighting into a broader conflict that could threaten both allies and the stability of new democratic states; and to stem the destabilizing flow of refugees.

As we work to resolve that tragedy and ease the suffering of its victims we also need to change our security institutions so they can better address such conflicts and advance Europe's integration. Many institutions will play a role, including the European Union, the Western European Union, the Council of Europe, the CSCE and the UN. But NATO, history's most successful political-military alliance, will be central.

100,000 U.S. troops will remain in Europe. As the Vice President recently stated, these troops are the seal of our commitment to NATO, the symbol of our resolve to support peace and liberty on this continent. These troops provide a sound basis for U.S. participation in multinational training and

preserves our capability to deter or respond to larger threats in Europe and, if required, to support NATO operations "out of area."

Our commitment to Europe's security remains firm. But the end of the Cold War means we must rethink the very meaning of European security. We are working with our allies to reshape NATO to the task of responding to Europe's new security challenges.

Our approach to European security is cooperative and inclusive. Both the North Atlantic Cooperation Council (NACC) and the Partnership for Peace (PFP) initiative are inclusive post-Cold War security arrangements that build habits of cooperation and the democratic management of security. Both contribute to our strategy of European integration by extending the scope of our security cooperation to 22 countries who are not now members of the Alliance. Last week the first multilateral PFP exercises were successfully held in Poland.

Building on PFP and NACC, several countries have already expressed a desire to become full members of the Alliance. As President Clinton stated in Warsaw this summer, it is a question of when and how, and not whether, NATO will permit the entry of new members. Vice President Gore reaffirmed this approach on September 10. And, as he indicated, we will begin our discussions on this important question this fall.

An essential goal of the PFP, the NACC, and ultimately, an expanded NATO, is stability in Central Europe. NATO expansion, when it does come, will advance security and stability for the entire region. We need to extend the habits of military collaboration, civilian control of the military, and transparency of military budgeting as we have known within the NATO Alliance not because we perceive a new threat from any one country or combination of countries but because expanding NATO's ambit means extending a framework that can help consolidate democracy and foster greater unity across the entire European continent. NATO expansion will benefit even those countries who are not in the first group to join, because expanded NATO membership will improve security for all European nations.

The Conference on Security and Cooperation in Europe (CSCE) has become an important component in European security by devoting itself to principles which should govern relations among governments and between governments and their citizens. Its role in conflict prevention and democratic development is both innovative and important. Maintaining the value-orientated foundation of the CSCE will be important to preserving its special role. The Review Conference and the December Summit in Budapest should lend new political impetus to the work of the CSCE. At the same time, the CSCE should not assume a coordinating function for other bodies -- such as NATO -- that have proven their worth.

As I said last month in my testimony to the Senate, I plan to give the highest priority to helping the countries of Central Europe enjoy the fruits of the democracy which were so long denied them. The success of these democratic and market reforms makes us all more secure; they are the best answer to the aggressive nationalism and ethnic hatreds uncorked by the end of the Cold War. As an initial step we are making organizational changes in the European Bureau to support this new approach. One of the first will be both simple and basic: As of this week we are abolishing the term "eastern Europe" as a title for any part of the Bureau. That name, a vestige of the line that artificially divided Europe after 1945, has no place in post-Cold War Europe, and we shall now use as our organizational titles the same phrases with which the Central Europeans describe themselves.

The European and Canadian Bureau will also work closely with Jim Collins and his colleagues in the Office of the New Independent States, and with Deputy Secretary Strobe Talbott, to ensure that we are building bridges across the whole of a free and undivided Europe.

Our relations with Europe will continue to have a vital strategic component. But they have just as surely rested on other pillars--particularly those of economics and business, science and culture, and family ties. To underscore the importance of our relations with universities, businesses, non-governmental organizations and parliaments in our new approach to Europe, I intend to restructure our traditional policy and public affairs office into an office for policy and

public outreach. This office will respond to Secretary Christopher's call for an "America desk" in the State Department by working systematically to establish working contacts with the many persons and organizations in the private sector who already form the backbone of our ties to Europe. Officers staffing our geographic desks will be encouraged to utilize the talents of non-governmental experts more fully.

A major pillar of our strategy for Europe is economic. Open and vibrant European economies mean more jobs for Americans at home and investment opportunities abroad. To this end, we strongly support the process of integration embodied in the European Union and seek to deepen our partnership with the EU. We are also committed to more intensive bilateral trade and investment in countries not part of the EU. We are working with our west European partners to expand employment and promote long term growth, building on the results of the Detroit Jobs Conference and the Naples G-7 Summit.

This Administration also strongly supports market reforms in Europe's new democracies. Ultimately, the success of market reforms in these countries will depend more on trade than aid. One of our priorities, therefore, is to reduce trade barriers with the former communist states.

Of course, Europe is not the only important part of the world for the U.S. But we share regional and global interests which are central to U.S. national security and the well-being

of the American people. Whether the problem is regional instability, ethnic conflict, nuclear proliferation, the future of democratic market reforms in former communist states, environmental degradation or rapid population growth, there is perhaps no region in the world that shares our regional and global interests and values as much as Europe. The nations of Europe also possess the means to address many of these global problems. Moreover, the support of our European partners is vital to promoting an open trading system of trade and investment, which in turn is crucial for global growth and American jobs. We share a rich heritage of people, ideas and culture.

President Clinton has stated clearly where the United States believes the future of Europe should lie. His definition of European security is based on the firm belief in the accomplishments of the past fifty years. Unity and democracy are the key words in the American vocabulary. We are rapidly devising a new definition of security in which the health of societies is more important to the chances of peace than is the size of their military establishments.

The United States will be an active participant in Europe for a simple reason--our self-interest requires it. Success in pursuing a common agenda with like-minded states is the best way to protect the security and the prosperity of the United

States. Success of our own domestic agenda requires an active pursuit of our agenda abroad as well as at home. Unless the United States and its European partners maintain an outward focus, unless we continue to trade with each other, invest in each other's countries, and work together to clear away new hurdles to peace and prosperity, our individual efforts at domestic renewal are unlikely to succeed.

As we proceed along this course, I look forward to close cooperation with members of this committee and with Congress in general. Advancing our national interests in Europe requires sustained American engagement supported by broad, bipartisan support of the American people and their representatives in Congress. Let me also say how proud I am to be returning to the State Department and to work with the those professionals in the Foreign Service who are devoting themselves to furthering our country's interests in Europe. Thank you again for this opportunity to be with you today.

United States Department of State

*Assistant Secretary of State
for European and Canadian Affairs
Washington, D.C. 20520*

SEP 22 1994

Dear Chairman Hamilton,

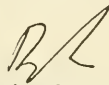
It was a pleasure and an honor to appear before your Committee today. I hope that this marks the beginning of a fruitful dialogue between my office and the House Foreign Affairs Committee on U.S. policy in Europe and Canada.

I wanted to respond quickly and clearly to the question raised during this morning's hearing about a supposed paper on spheres of influence in Europe, which has allegedly circulated in the State Department. When the press report first appeared, the Department conducted a thorough search of its records. That search confirmed what we expected: no Department official either signed or authorized such a document. State Department spokesman Mike McCurry noted this for the public record on September 7.

In any case, I can assure you that this Administration does not and has never accepted the concept of spheres of influence in Europe. Both Under Secretary Tarnoff and I are unalterably opposed to this concept. Moreover, as I said to Representative Lantos at today's hearing, I personally reject the Russian term "near abroad" because it could imply an acceptance of a Russian sphere of influence. In fact, I was present at a meeting of all American Ambassadors in Europe this spring where Deputy Secretary Talbott stated that this term would be banned from U.S. diplomatic parlance. Because I believe that words have meaning, just as the Bureau of Europe and Canadian Affairs will no longer use the term "East Europe", we will also not use the term "near abroad."

As Assistant Secretary for European and Canadian Affairs, my intention is not to acknowledge or create new divisions in Europe, but to advance our vital interests in building a Europe united in democracy. I look forward to working with you and your colleagues on this important task.

Sincerely,



Richard C. Holbrooke

The Honorable
Lee H. Hamilton,
Committee on Foreign Affairs,
House of Representatives.

QUESTIONS SUBMITTED FOR THE RECORD
TO THE DEPARTMENT OF STATE AND RESPONSES THERETO
BY THE HONORABLE BEN GILMAN (R-NY)
SUBCOMMITTEE ON EUROPE AND THE MIDDLE EAST
HEARING ON U.S. POLICY TOWARD EUROPE

SEPTEMBER 20, 1994

GENERAL

QUESTION 1: It appears that the left-wing government in Poland is politicizing leading economic posts and is slowing the pace of privatization of state-owned enterprises considerably.

-- What can the U.S. and the EU do to ensure that the former communists in Poland do not abandon economic reform?

ANSWER 1: The U.S. is among the strongest supporters of Polish economic reform. We have provided substantial aid and debt relief to assure a solid footing for the reform process. In July, President Clinton announced in Warsaw a package of programs designed to promote continued economic growth, trade and investment, and to help Poland cope with the human and social problems arising from systematic transformation.

The U.S., other western nations and international financial institutions are assessing the economic policies of the new Polish government using the same standards applied to those of its predecessors. Above all, we will be looking at results. We are concerned about delays we see in the mass privatization program. In our discussions with Polish leaders, we emphasize repeatedly that Poland must move expeditiously to implement this program if it is to maintain progress on reform and the confidence of its supporters.

QUESTION 2: What are the prospects of ratification of the recent Russian troop withdrawal agreement between Estonia and Russia by their respective parliaments?

ANSWER 2: The U.S. has urged both sides to ratify the agreement quickly and to implement its provisions in the interim. We understand from each side that the agreement has been submitted to relevant parliamentary committees and is likely to be considered this autumn.

QUESTION 3: What is the position of the United States on Russia's on-going, arbitrary demarcation of its border with Estonia?

ANSWER 3: Estonia and Russia disagree over their mutual land border. The U.S. position as stated in the CSCE is that such border disputes should not be resolved through unilateral actions. Both Russia and Estonia, as signatories to the Helsinki

Final Act, have pledged to "respect each other's territorial integrity" and have acknowledged that "frontiers can be changed, in accordance with international law, by peaceful means and by agreement." We think that Russia and Estonia are in the best position to reconcile their interests and are urging the parties to arrive at a mutually-acceptable resolution.

QUESTION 4: What peacekeeping missions in what regions would you like to see the Baltic Peacekeeping Battalion undertake after it is formed in 1995?

ANSWER 4: The intent of the three Baltic States in forming the Baltic Peacekeeping Battalion was to create a dedicated peacekeeping unit deployable to multilateral peacekeeping operations worldwide. Because the Battalion is still in the process of being formed, no decisions regarding deployments have been made. Ultimately, such decisions will be based upon consultations between sponsoring international organizations and the Baltic States themselves.

Already, small groups of Baltic soldiers have deployed with host Nordic UNPROFOR units in the former Yugoslavia in order to gain first-hand exposure to on-going peacekeeping operations.

The President stated in Riga in July that, in recognition of the Baltic States' role in PFP, he was requesting \$10 million in the FY 1995 budget for the Baltic Peacekeeping Battalion and other peacekeeping troops in Central Europe. The Congress approved that funding request. Through this program, we hope to provide concrete assistance -- including equipment and training -- to the Baltic Battalion (and, possibly, other CE peacekeeping efforts). Working closely with the Baltic states and with other donors, we hope the unit will be deployable in late 1995.

QUESTION 5: What are the chances that the Bulgarian Socialist Party, the former communists, will win control over the Bulgarian Parliament in the near future?

ANSWER 5: Early parliamentary elections are likely, possibly as soon as mid-December. It is not clear whether the Bulgarian Socialist Party (BSP) can gain an outright majority and win control of the Parliament. Many observers believe, however, that elections at this point will increase the BSP's strength in parliament. The BSP currently holds 99 of 240 seats.

QUESTION 6: How should U.S. policy towards Romania be revised, if at all, given the increasing presence of nationalist parties in the government of Prime Minister Vacaroiu?

ANSWER 6: Two members of the ultra-nationalist Party of Romanian National Unity (PUNR) were given cabinet portfolios in the government of Prime Minister Vacaroiu in August 1994. In the following month, the incumbent Justice Minister announced that he had become a PUNR member. Due to the chauvinistic anti-minority

views of some PUNR members, we will be watching developments in Romania very closely to see whether the PUNR presence in government has an adverse effect on U.S. efforts to promote democratic institutions, respect for human rights and economic reform in Romania.

BOSNIA

QUESTION 1: There have been recent press reports drawing from statements by British officials suggesting that the Administration is backing away from the notion of the lifting the arms embargo on Bosnia.

- What steps in the way of planning and consultation with other interested countries has the Administration taken as of now to seek lifting of the embargo in the UN Security Council as he is required to do by October 15 if the Bosnian Serbs have not accepted the peace plan?

ANSWER 1: Our overall goal for Bosnia remains unchanged: acceptance by all of the contact group plan and map. The U.S. continues to work closely with the contact group, our allies in NATO and our friends in the UN to see that our strategy during the coming months helps achieve a negotiated settlement.

In line with the Bosnian government decision, the Administration intends to stick closely to the commitments made by President Clinton to Congress in his August 10 letter to Senator Nunn. Accordingly, if the Bosnian Serbs have not accepted the contact group proposals by October 15, the U.S. will introduce in the Security Council a resolution providing for multilateral lifting of the arms embargo, with implementation delayed for 6 months as the Bosnians have requested.

QUESTION 2: The President is required to cease to enforce the arms embargo against Bosnia after November 15, if by that date the Serbs have not agreed to the peace plan and if the UN Security Council has failed to lift the arms embargo.

- What effect will ceasing U.S. enforcement of the arms embargo have on our ships taking part in the NATO-WEU enforcement operation in the Adriatic, bearing in mind that the ships also are responsible for ensuring the economic blockade of Serbia?
- Will the Administration share with NATO allies intelligence information about possible arms shipments destined for Bosnia?

ANSWER 2: The Nunn-Mitchell amendment applies to the use of appropriated funds for the purpose of participation in, support for, or assistance to the enforcement of the Bosnian arms embargo. But, as the President indicated in his signing statement, the amendment does not prohibit us from enforcing the comprehensive sanctions against Serbia, or the arms embargo

against other former Yugoslavian republics, even if doing so provides indirect or incidental support for the Bosnian arms embargo.

We are currently assessing our operations in the Adriatic and the steps we should take in view of the enactment of the amendment, and intend to consult with you in this process.

QUESTION 3: What is your understanding of the Bosnian government's position on lifting the arms embargo?

ANSWER 3: On September 27, President Izetbegovic called for a six-month deferral of implementation of a lift resolution, noting that the Bosnian government had been concerned for some time over the problems that Sarajevo and the eastern enclaves would face this winter if the arms embargo were lifted immediately and major contributors to UNPROFOR pulled out their troops.

QUESTION 4: What contingency preparations are the Administration and the UN making in the event that the British and French withdraw their troops from UNPROFOR, as they have threatened to do if the arms embargo is lifted?

ANSWER 4: If the arms embargo were lifted under current circumstances, and UNPROFOR were withdrawn as most troop contributors say they would do, the Bosnian government would face an immediate threat to Sarajevo and the eastern enclaves. Sarajevo is surrounded by Bosnian Serb forces who currently have the wherewithal to strangle the city by closing down the airport and all routes into the city. The eastern enclaves, meanwhile, are poorly defended and could not withstand determined Bosnian Serb assaults.

The Administration is developing options, none of which include the commitment of U.S. ground forces, for helping the Federation to survive in the event of UNPROFOR withdrawal. Those options focus on ways for the international community to supply, equip and train the federation military. Also, we support retaining an international presence since this presence could enhance Bosnia's prospects for survival if lift should occur and the French and British withdraw. In addition, the Administration has intensified its efforts to provide non-lethal support for the federation.

QUESTION 5: Will NATO be involved in the evacuation of UNPROFOR forces if there is a withdrawal? Will this involve the use of any U.S. forces on the ground in Bosnia?

ANSWER 5: NATO has assisted UNPROFOR in developing its withdrawal plans and intends to provide support to UNPROFOR should withdrawal become necessary. That support could include close air support, airlift and other measures that would facilitate such an effort. The U.S. plans to participate through

NATO, but does not intend to use any U.S. ground forces.

QUESTION 6: Has the Administration considered beginning to train Bosnian forces now to use weapons that may eventually be provided if the U.S. lifts the embargo?

ANSWER 6: The Nunn-Mitchell amendment to the FY 1995 Defense Authorization Bill provides that the President, if the UN Security Council has not lifted the arms embargo against Bosnia and the Bosnian Serbs have not accepted the contact group's proposal by November 15, shall submit a plan and shall consult with Congress on the manner in which U.S. Armed Forces and the military forces of friendly states would provide training to the armed forces of the government of Bosnia and Hercegovina outside the territory of same. The Administration is developing contingency plans to meet with Congressionally-mandated requirement, and intends to consult with Congress.

QUESTION 7: The U.N. commander in Bosnia, General Michael Rose, has, on at least two occasions -- the most recent over the past weekend -- threatened the Bosnian government with NATO airstrikes if they didn't desist from military operations "provoking the Serbs."

- Is the U.S. helping to designate targets for and planning to take part in punitive airstrikes against a government exercising its legitimate right of self-defense in trying to recapture its own territory from an aggressor?
- Why is the UN apparently so keen to punish the Bosnians when it has ignored other Security Council mandates to use force to deliver humanitarian supplies and protect civilians in so-called safe areas?

ANSWER 7: UNPROFOR's mandate is foremost to assist the flow of humanitarian relief into Bosnia. It has insisted that neutrality is essential to that mission and resisted any notion that its lightly armed troops could plan an overt military role or show favoritism to one side or another. Hence, it believes that violations of the exclusion zones or attacks against UNPROFOR forces by either side could warrant NATO airstrikes. Despite recent statements by General Rose, UNPROFOR to date has only requested NATO airstrikes in retaliation for attacks by the Bosnian Serbs against UNPROFOR forces. It is our strongly held view that the Bosnian government is the aggrieved party in the conflict in Bosnia. UNPROFOR was established to help assure that humanitarian assistance reached the hundreds of thousands of needy people loyal to the Bosnian government who were under threat from the Bosnian Serbs. The six safe areas in Bosnia were established to help protect these people, as were the exclusion zones around Sarajevo and Gorazde. We strongly believe NATO airstrikes should be directed against the perpetrators and not against the victims of this tragic conflict.

QUESTION 8: Since the coming into being of the Bosnian-Croat Federation last April, there has been little progress in the return of displaced persons to their homes in Croat-controlled territory.

- What is the Administration doing to see that the Federation actually reflects cooperation between local Croat and Bosnian officials on the ground, and that refugees forced from their homes during the fighting between the two groups can return in peace?

ANSWER 8: The Administration believes that a fully functioning federation, especially at the local level, is an essential element in achieving a durable peace in the region and assuring the peaceful return of refugees to their homes. Since its inception, the Federation has been successful in assuring the flow of humanitarian relief to areas it controls in Central Bosnia and has begun the process of returning refugees to their homes.

During President Izetbegovic's September 25-27 visit to the U.S., President Clinton announced a \$20 million package of assistance to strengthen federation public services and local government, assist civic groups and NGOs, develop commercial, financial and civil law, and support an independent media. Amb. Ralph Johnson, the State Department Coordinator for East European Assistance, will lead a mission of USAID and other experts to Bosnia-Herzegovina October 6-14 in order to develop federation programs, including ones that deal with the complex issue of refugees.

QUESTION 9: How effective will Serbia's blockade on the Bosnian Serbs be?

- Why should this blockade be any more effective than the international sanctions on Serbia have been?
- Will the blockade be adequately monitored by the foreign civilian observers?
- Are there portions of the Serbian border with Serb-occupied Bosnia that will not be subject to monitoring?
- Could supplies get to the Bosnian Serbs through Serb-controlled Croatia?

ANSWER 9: The international community has succeeded in establishing a serious and comprehensive monitoring mission along the border between Serbia-Montenegro and Bosnia to verify its closure to everything except civilians and humanitarian goods. We insisted that no less than the mission be staffed by 200 international members with full freedom of movement, as indeed they have. The U.S. government is planning to contribute 40 persons to the ICFY mission in the near future. We have already contributed resources in support of this effort. Although we remain concerned that some smuggling will occur, we believe that

the ability of the Bosnian Serbs to obtain supplies from Serbia or Montenegro will be substantially reduced.

The entire border between Bosnia and the "Federal Republic of Yugoslavia" is covered by the mission. Authorities in Serb-held areas of Croatia appear to be making efforts to comply with the blockade as well. Although some supplies may reach the Bosnian Serbs from the "Krajina," they are not sufficient to compensate for the cut-off of goods from Serbia.

QUESTION 10: What kind of resistance will Serbian President Slobodan Milosevic encounter from rural voters in Serbia, who have supported him in the past, over his decision to blockade the Bosnian Serbs?

ANSWER 10: Milosevic's recent actions to cut-off the Bosnian Serbs are less well understood by persons in Serbia with strong nationalist passions, especially those outside of urban areas. The benefit of Belgrade's airport being re-opened is less tangible outside of Serbia's capital. Nevertheless, Milosevic remains the undisputed leader of Serbia, in control of the government (and the media), and still has his people's support.

QUESTION 11: As sanctions against Serbia are eased in return for the blockade on the Bosnian Serbs, what guarantees are there that they will be reinstated in full should Serbia fail to live up to its commitment?

ANSWER 11: UN Resolution 943, which allows for the lifting of some sanctions on Serbia-Montenegro, also states that any lifted sanctions would be automatically reimposed if the border mission reports that Serbia is either allowing non-humanitarian supplies to reach the Bosnian Serbs or obstructing the mission's work.

QUESTION 12: What effect will Serbia's blockade of the Bosnian Serbs have on the Krajina Serbs in Croatia?

ANSWER 12: In theory, the Krajina Serbs will not be affected, but in practice, tightened sanctions on the Bosnian Serbs reduce the possibilities for trade between Serb-held areas in Croatia and Bosnia. We understand that the authorities in Serbia and in the Serb-held areas of Croatia are seeking to prevent diversion to the Bosnian Serbs of goods destined for Krajina, which is not subject to Belgrade's blockade.

QUESTION 13: Do Serbian President Milosevic's actions on blockading the Bosnian Serbs mean that he is giving up his dream of a "Greater Serbia?"

ANSWER 13: Milosevic gained fame and power in Serbia on a nationalist platform. It would be naive to assume that all of his nationalist ambitions have disappeared. However, he

continues to feel the weight of sanctions on his country and has absorbed the message of the international community that further prosecution of the war in Bosnia is not in the interest of the Serbian people. Whatever his motives, he has passed the same message to the Bosnian Serbs in endorsing the contact group plan and closing the border with Bosnia.

QUESTION 14: In recent weeks, there have been up to three bombings of historic buildings in Hungary. It is reported that these bombings may have been carried out by elements from the rump Yugoslavia.

-- What do you know of this?

-- What purpose would such bombings serve if they were indeed being conducted by elements from Serbia?

ANSWER 14: Three bombings were reported in Hungary between June 1 and July 23. The first occurred at approximately 4:55 a.m. on June 1, in front of the Saint Rokus Roman Catholic Church in Szeged. A second device exploded at 2:40 a.m. on June 11, at an entrance to the Parliament building in Budapest. The third bomb was placed at the crypt entrance of the Matthias Church in Budapest. While the buildings suffered extensive material damage in the immediate area of the blast, only one person was injured in the attacks. Press speculation has focused on a possible "Serbian connection," as a similar blast occurred during the summer in Subotica, a predominately ethnic Hungarian city in the Vojvodina region of Serbia. However, Hungarian authorities have not reported any evidence that persons from Serbia or elsewhere in the former Yugoslavia are involved and have not excluded the possibility of simple vandalism. No individual or group has claimed responsibility. If we receive any additional information, I shall forward it to the Committee.

CYPRUS DISPUTE

QUESTION 1: Where is the Administration on filling the vacancy in the office of the Special Coordinator for Cyprus which has been vacant since the end of May? Is there any possibility of the President appointing a high level envoy?

ANSWER 1: James Williams, a career officer in the Senior Foreign Service, has been designated as the new Special Cyprus Coordinator. Mr. Williams is fluent in Greek and Turkish and has served in Greece, Turkey and Cyprus, most recently as the Deputy Chief of Mission in Athens. In addition to the Special Cyprus Coordinator, a Presidential Emissary will soon be named.

QUESTION 2: What do you think of President Clerides' suggestion of disarming both sides in Cyprus, with an international force such as the UN providing security guarantees?

ANSWER 2: President Clerides made his demilitarization

proposal first in December 1993 and again in his September 7 letter to the UN Secretary General. We support any proposal which would reduce tensions on the island. That said, it is important to keep focused on the current UN-sponsored package of confidence-building measures (CBMs) as a first step toward an overall solution. Additional proposals at this stage may make the process more difficult. Both the demilitarization proposal and the non-aggression proposal advanced by the Turkish Cypriots should be discussed after implementation of the CBMs, in the context of an overall solution.

QUESTION 3: Rauf Denktash has reportedly stated that he will not seek another term as leader of the Turkish-controlled part of Cyprus when elections are held next April. What is our assessment of Denktash's intentions for the future and who do we think might succeed him?

ANSWER 3: Mr. Denktash has said that he may not run for leader of the Turkish-Cypriot community in April when elections are scheduled. He has said, however, that he will remain as the official negotiator of the Turkish-Cypriot community. At this time, no individual has formally announced that he/she will stand for election as leader.

ETHNIC GREEK TENSIONS IN ALBANIA

QUESTION 1: The recent trial and conviction of five ethnic Greek Albanians on espionage charges has caused a heightening of tensions between Greece and Albania.

-- Did the U.S. have an observer at the trial?

-- Are we satisfied that the trial was conducted according to international standards of justice?

ANSWER 1: The U.S. Embassy in Tirana followed the "Omonia" trial closely and had one or two observers present throughout the proceedings (August 15-September 7). An Embassy officer was also present during the appeal (October 3-6). A Consular officer has visited Mr. Bezhani regularly.

The U.S. government is not in a position to judge the guilt or innocence of the defendants. However, we have been troubled by some procedural aspects of the trial. Although the trial may have been conducted in accordance with applicable Albanian standards, the mechanics of the trial and the investigation were in some respects questionable by western standards.

The CSCE Office of Democratic Institutions and Human Rights (ODIHR) sent a representative to the trial. He found that a number of irregularities in the conduct of the trial reflect, in part, the lack of experience of the defense lawyers and judges.

We have made our concerns about these issues very clear to the Albanian government and are continuing our dialogue through

diplomatic channels. We have also requested the government of Albania to allow foreign human rights and criminal law experts to participate in the appeal process, and to delay the proceedings to allow those experts time for preparation.

QUESTION 2: Do we believe that, in general, the ethnic Greek community in Albania enjoys the same rights as other Albanians? Are they able to freely worship, speak the language of their choice and participate in the political life of Albania without restriction?

ANSWER 2: U.S. Embassy officers, and others including CSCE High Commissioner for National Minorities Van Der Stoel, have made numerous visits to southern Albania to investigate treatment of the ethnic Greek minority. The Embassy found that most complaints were related to government policies applied more or less evenly throughout the country, not targeted specifically at the minority.

Education in the Greek language is a principal area of concern. The government of Albania issued a decree on minority education August 22 which makes provision for access to teaching in Greek areas where there are too few pupils of the minority to open a school. During a September 17-19 visit to southern Albania, where ethnic Greeks are concentrated, President Berisha reaffirmed the minority's right to learn and be taught in the mother tongue. According to the government of Albania, there are 58 Greek language schools with 511 teachers; three vocational schools; and one pedagogical school for teachers in Greek. We recognize difficulties imposed by the government of Albania's lack of resources, but think more can and should be done in this area and have communicated to the government of Albania.

Ethnic Greeks hold national and local offices, and an ethnic Greek political party, the Unity for Human Rights Party, won 2 seats in the People's Assembly in March 1992. Some Greeks feel that they are under-represented, and this may be so; statistics are not available. The perception of under-representation may result from the wholesale dismissal of officials, including Greeks, connected to the previous, communist regime.

The return of Orthodox church properties confiscated by the communists is going very slowly. We have also communicated our concern on this issue to the government of Albania. The problem of returning church lands and property is shared by Roman Catholics and Muslims as well as members of the Orthodox faith. The government does not discourage practicing religious beliefs in Albania.

There is no evidence that "ethnic cleansing" of any sort is occurring in Albania. Respecting human rights for all Albanians is high on my agenda, and is a key concern of Ambassador Lake's, who recently arrived in Tirana.

QUESTION 3: Have we discussed with the governments of

Greece and Albania a way to settle their differences peacefully in a way which does not further undermine stability in that part of the Balkans?

ANSWER 3: We wish to play an active role in attempting to reduce tensions between the two countries. The President and other senior U.S. government officials have consistently stressed to both parties the need for moderation and restraint in dealing with each other. On September 2-3, both Richard Schifter of the NSC and Chris Hill of the State Department visited Tirana and Athens. On September 14, Under Secretary Tarnoff travelled to Athens and other regional capitols. I raised these issues with the foreign ministers of both countries at the UNGA. Our Ambassadors in Tirana and Athens are continuing to consult closely with both governments. We have also encouraged the EU and CSCE to work towards reducing tensions.

We have encouraged Greece to enter into dialogue with Albania, and for the government of Albania to address Greek concerns for its minority, and consider showing leniency toward the "Omonia five." Other positive steps would be affirmation of the current boundary, ideally in the form of a bilateral instrument, and an unqualified public rejection by the government of Greece of extremist groups.

We will continue to encourage both governments to act moderately, address the concerns of the other, and to take positive steps toward improve relations.

TURKEY

QUESTION 1: As you know, the Foreign Operations Appropriations for FY 1995 require the President to withhold 10% -- approximately \$35 million -- of our assistance to Turkey pending a report by the President on Turkey's human rights record and the situation in Cyprus.

-- Will Turkey accept these conditions, or do we believe they will simply reject that portion of our assistance?

ANSWER 1: In early September, the government of Turkey announced its decision to reject the 10% of FY 1995 Foreign Military Financing (FMF) subject to Congressional withholding.

The Turks reiterated their commitment to make progress on their domestic human rights situation, but argue that external pressure only complicates their own efforts in this regard.

QUESTION 2: What is the status of Turkey's campaign against Kurdish terrorists in southeastern Turkey? Has the Turkish military responded to international criticism of the manner in which they have conducted the campaign? Is the U.S. able to provide any assistance to civilians who have been victimized or driven from their homes by the fighting?

ANSWER 2: Over the summer, Turkish security forces scored important military gains against the terrorist Kurdistan Workers' Party (PKK). This has helped to re-establish order in the area.

We have told the government of Turkey that, while the United States firmly supports the military effort against PKK terrorism, the campaign must respect fundamental human rights. We have also urged the Turks, including the Turkish military, to address the political, cultural and economic elements of the situation as well as security concerns.

Prime Minister Ciller has recently stated that the campaign against the insurgency has been sufficiently successful to permit consideration of expanding cultural rights for Kurds. Other officials made the same point to Assistant Secretary of State for Democracy, Labor and Human Rights, John Shattuck, during his visit to Turkey.

The U.S., our European allies and multi-national organizations continue to raise human rights concerns with the government of Turkey. We believe the Turks want to improve Turkey's human rights situation and are committed to legislative and constitutional reform in this regard. We are unaware of any formal response to international criticism by the Turkish military in particular.

The U.S. is not able directly to provide assistance to civilians who have been victimized or driven from their homes by the fighting. However, we continue to engage the Turkish government in intense, high-level discussions about human rights problems, and we believe the Turks understand our concerns and take them seriously. We are also working with AID and a U.S. NGO to explore ways to help victims of human rights abuses in Turkey.

We will continue to seek every opportunity, including this month's scheduled return to Turkey by Assistant Secretary Shattuck, to engage the Turks on a full range of human rights issues.

QUESTION 3: Foreign Minister Mumtaz Soysal has, in the past, opposed Turkey providing a base for Operation Provide Comfort -- the allied operation assisting Kurds in northern Iraq.

-- Do we anticipate any problem in renewing the Allied Turkish agreement when it expires at the end of the year?

ANSWER 3: Operation Provide Comfort II (PCII) is subject to review bi-annually by the Turkish parliament, and is up for consideration this December. The June extension of PCII passed the Turkish parliament by a margin of 193-147. As in December of 1993, less than a majority of the full parliament supported renewal. Some elements of the Turkish public view PCII as contributing to the establishment of an independent Kurdish entity in northern Iraq and providing a haven for the PKK. Parliamentary discussion of the operation is traditionally very



lively. We believe that the government of Turkish understands the need for PCII to continue, but we cannot make any reliable prediction at this time.

ASSISTANCE TO HUNGARY

QUESTION 1: In early August, NSC Director for Central and Eastern Europe, Richard Schifter, led a delegation to Hungary to meet with Hungarian Finance Minister Laszlo Bekesi, who reportedly asked for additional U.S. aid to promote capital investment in his country.

-- What can we do, beyond what we are already doing, to help in this area?

ANSWER 1: Hungary has been extraordinarily successful in attracting foreign investment capital. Since 1989, foreign direct investment has totaled more than \$7.5 billion, almost half of all foreign direct investment in Eastern Europe. Forty percent of that investment money originates in the U.S. In order to continue to attract large amounts of foreign investment, Hungary needs to accelerate the reform and liberalization of its economy. Areas such as privatization and bank reform are high priorities and the U.S. government is helping with technical assistance in these areas.

The U.S. is assisting in the effort to promote capital investment in Hungary through OPIC, the Hungarian-American Enterprise Fund (HAEF) and support for the EBRD. The HAEF is actively seeking outside capital to augment the initial capital provided by the U.S. government. The White House-sponsored Trade and Investment Conference for Central Europe will also help in attracting U.S. investment.

QUESTION 2: Are economic reforms still on track in Hungary?

ANSWER 2: Despite substantial progress, Hungary still faces the need to implement further tough economic reforms and to continue its privatization effort. Since 1989, prices have been liberalized, trade and investment barriers reduced, and a bankruptcy law enacted. However, additional reform is necessary and presents difficult choices. Hungary has a smaller economy now than before 1989 and has shown a reluctance to temporarily forgo consumption at steady or increased levels in order to get government spending under control. New reforms are still needed in cutting costly and poorly targeted social programs and in cutting subsidies to energy and other sectors. The inefficient banking sector must be reformed and the effort to privatize state-owned enterprises is important in controlling the government's expenditures. The Finance Minister has pledged to hold nominal wages in the public sector constant in 1995 and has proposed a supplemental budget package with tax increases and some spending cuts that will help bring the deficit nearer the 5 or 6% of GDP target agreed to with the IMF.

QUESTION 3: Is the Hungarian government keeping its budget deficit under control?

ANSWER 3: The government has failed to meet IMF-agreed budget deficit targets for the last three years. Real wages have risen 8% this year but this did not reflect increased productivity. Spending for social programs has also increased. Finance Minister Bekesi has expressed the government's concern about excessive government spending. The government ministers will have to work very hard to come closer to the 5 or 6% deficit of GDP target agreed to with the IMF. A supplemental budget proposed this fall, including tax increases and some spending cuts, is a step in the right direction.

QUESTION 4: Are the frequent currency devaluations good for Hungary's economy?

ANSWER 4: Despite the devaluations, the forint has appreciated in real terms against foreign currency since 1990. One result of the appreciation has been to encourage imports and inhibit exports. The decision to devalue is always a difficult one. Devaluation can lead to higher inflation and increase the debt service burden in terms of the local currency. Yet, devaluation helps make Hungarian exports more competitive abroad. Growth in Europe has helped increase export levels by 8% in the first 6 months of 1994.

IRELAND

QUESTION 1: What is the Administration's plan to help foster economic growth in Ireland so as to take full advantage of the extraordinary prospects for peace at this historic moment? Has the Administration considered the use of OPIC equity funds as one option for fostering critical economic growth in Ireland?

ANSWER 1: The Department of State, including the European Bureau, actively participates in an interagency working group chaired by the National Security Council. This group is examining ways in which the U.S. can support the peace process in Northern Ireland through encouraging economic development while keeping the reality of budget constraints in mind. As part of this process, we have been interested in any ideas offered by leaders of both the Unionist and Nationalist communities in Northern Ireland, as well as the British and Irish governments.

We are focusing on ways to encourage private sector investment. OPIC is investigating the possibility of establishing an equity fund for Ireland and Northern Ireland.

QUESTION 2: It is reasonable to expect the British to be able to exercise restraint upon Protestant para-militaries that may want to derail the peace process.

-- Have we asked the British government to do so?

ANSWER 2: The British government has strongly and consistently denounced the use of violence by all parties in Northern Ireland. We join them in this condemnation. UK forces are deployed in Northern Ireland precisely in order to deter violence from any and all factions.

The government of the UK does not control, directly or indirectly, any para-military group. For this reason, we have not raised the subject with the British government.



83-887 (64)

ISBN 0-16-046279-7



90000



9 780160 462795

